

R4

USAID/UKRAINE

Results Review and
Resource Request (R4)

10 MAY 2000

Please Note:

The attached FY 2002 Results Review and Resource Request ("R4") was assembled and analyzed by the country or USAID operating unit identified on this cover page.

The R4 is a "pre-decisional" USAID document and does not reflect results stemming from formal USAID review(s) of this document.

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Cover Memo

The USAID/Kiev budget was reduced from \$105,050,000 in FY 1999 to a present level (including approved performance funding) of \$78,980,000 in FY 2000. The Mission has been asked to maintain this level of funding in FY 2001, with a prospective increase to \$85,800,000 in FY 2002. Although it is anticipated that additional performance funding will be provided during these years, there are no guarantees. Therefore, several new initiatives that were postponed in FY 2000, will remain un-funded in the future. A more critical constraint will be imposed on the assistance projects that have been active for several years and are scheduled for redesign and competition this year. The funding shortfall will require that these designs be less ambitious than the previous R4 envisioned. USAID/Kiev will continue with the programs consistent with the Mission's Strategy. However, the limitations imposed upon these programs are discussed in the Resource Request. During the next year, the Mission will review all of the R-4 indicators to assess whether or not successful accomplishment of each indicator is within the manageable interest of USAID. The FY 2002 R-4 will provide recommendations based upon this assessment. Other evolving circumstances and recommended changes to specific Strategic Objective indicators are outlined below.

S.O. 1.3.a, A More Responsive Agricultural Sector: The Regional Agricultural Development (RAD) procurement was cancelled early FY 2000. The cancellation responded to: GOU's failure to fulfill its commitments to the proposed activity; management concerns regarding the complexity of the activity's design and implementation plan; and, the Mission's overall program budget reduction. The Mission is moving ahead with an assessment of the agriculture sector leading to a new activity in FY01. It is expected that emphasis will be placed on land titling and liquidation of collective agricultural enterprises to create multiple private farming entities. Further, assistance may be provided to the private sector to upgrade the agriculture input distribution and output marketing as a result of the GOU's recent reduced involvement in the sector. And, the new activity may continue limited assistance to agricultural NGOs to enable those organizations to more effectively articulate and advocate a policy reform agenda. A competition for this new program activity is scheduled for 4th Quarter/FY00 with an award expected in late FY00 or early FY01.

S.O. 1.3.b, Privatized enterprises are more competitive and efficient: The indicator description for IR 1.3b.1 "Enterprises using IAS," was changed from "Number of forms complying with Securities Commission standards for IAS" to "Number of firms converted to IAS-based accounting standards". This change will emphasize the passage of the Law on Accounting and the number of Ukrainian enterprises converting their records to IAS-based standards at the transaction level rather than at the report level.

S.O. 1.3.c, Expanded role of small and medium enterprises in national economy: The indicator for IR 1.3c.1 will be changed to "Increase in the number of SMEs served by business service providers". This will track SME clients of business service centers and incubators, and SME clients of the volunteer executive, women's economic empowerment, management education, and other programs. Units of measure for the indicators under IRs 1.3c.3 will track

the number of female clients served by business service providers, and women-owned or managed firms receiving loans.

S.O. 2.1, Increased better-informed citizens' participation in political and economic decision-making: A new Results Framework has been drafted for this S.O. to provide a better program management tool, update outdated targets, and align intermediate results.

S.O. 2.2, Legal Systems that better support democratic processes and market reforms: USAID/Kiev's strategy will focus on achieving more discrete objectives in: the adoption of select laws, codes and other essential legislation; legal advocacy in support of human and environmental rights, media freedom, and other important issues; and anti-corruption. As these discrete objectives are achieved, USAID will consider a strategy aimed at impacting the court systems more comprehensively. In the next few months, indicators will be reviewed and performance data tables adjusted accordingly.

S.O. 2.3, More effective, responsive and accountable local government: The current Results framework was reviewed in light of the continuing evolution of the local government and municipal development program; and the team's interest in making this framework a better management tool. As a result of this analysis, several new Intermediate Results with revised and new indicators were developed, and the performance monitoring plan was revised. The SO team is also recommending the addition of a new lower level IR 2.3.1.3, "Improved Budgetary and Fiscal Management". Likely indicators include: cities that have automated their financial management systems; cities that have prepared annual financial reports covering city income and expenditures; cities that have increased local source revenues; and cities that have successfully attracted external funding for city projects.

A new IR 2.3.5, "Local Government Support Infrastructure Enhanced" is recommended in recognition of: USAID/Kiev's provision of training and technical assistance to the Association of Ukrainian Cities (AUC), the Municipal management Center, and importance of non-governmental institutions that provide services to local governments and promote their interests. USAID/Kiev will assess which organizations are (or will be) effective in providing information and services to local governments, and promoting the interests of local governments; then assist with building their institutional capacity outside of local governments. The SO team will develop appropriate lower level IRs and indicators for this new principal IR. The team is also considering changing the wording of IR 2.3.2. "Legal Sustainability Ensured" to "Local Government Autonomy Enhanced" to better reflect the actual intent of this IR. Some lower level IRs may also be developed to capture the intent of this IR.

SO 3.2 Improved Sustainability of Social Benefits and Services: Due to the introduction of two major infectious disease programs: tuberculosis and STI/HIV/AIDS, we recommend dropping two current indicators in favor of two new ones which better reflect these new activities. These will be: "A sustainable system for the implementation of the DOTS strategy is in place for selected pilot areas" and "HIV-related risk groups receive information and change risk behaviors." The new framework will address our multi-dimensional activities within the context of the Mission's Health Strategy. Major components of Service Delivery and Public Health Risks/Health Promotion are highlighted in the Results Review. The supporting components of Health Care

Financing and Management and Legislative Reform permit the establishment of an environment for supporting Service Delivery and Public Health Risks/Health Promotion. We believe this is needed to accurately determine our progress and accomplishments. Several current indicators being used for this R4 will be changed in the future as the new activities come on-line in FY 2000.

S.O. 3.4, Mitigation of adverse social impacts of the transition to market-based democracies: The results framework and performance data tables are in the process of being revised to better reflect it's programs. For instance, there is a need to introduce new indicators for the work in pension reform.

Eurasia Foundation: In FY 1999, the USAID Inspector General's Office embarked on an investigation of the Western NIS grant making operation of the Eurasia Foundation. This investigation is continuing. Arising from these conditions, by mutual agreement between USAID and the Foundation, no new grants were awarded in FY 2000. By the end of May, 2000 most small grant actions administered by the Eurasia Foundation Kiev Office will be completed. The final outcome of the investigation is unknown at this time. The probable result for FY 2000 will be a significant reduction of grant making to NGOs formerly serviced by the Foundation. If the IG recommendation indicates approval to proceed with a new grant to the Eurasia Foundation, the Mission will proceed with this approach pending availability of FY 2001 performance funding, in accordance with guidance from the IG and due process. However, if the recommendation is to develop a new source, the Mission will investigate available options.

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R4 Part I: Overview/Factors Affecting Program Performance

1. Summary progress in implementing the approved strategic plan

We have structured our Overview by addressing benchmarks and issues outlined in the 1999 – 2002 Assistance Strategy Paper for Ukraine.

Programs at the local level have gained more prominence. Targeted municipalities have exceeded expectations during the previous 12 months. They have demonstrated improved management capacity, and their citizens are working together to solve priority community problems and identify opportunities for future development. These efforts are bringing about tangible improvements in service delivery and infrastructure, and more transparent city budgets, and accountable government. USAID-funded training and software is enabling local authorities to manage their resources and assets more effectively, both in the short and long term. In addition, local decision-makers are able to present the local budget to citizens in an easily understandable format, facilitating local government transparency, accountability, and responsiveness to the citizens.

More assistance programs that touch people directly, immediately, tangibly. Many of the Mission's projects are making direct and tangible improvements in the lives of Ukrainians throughout the country. Examples of these projects are discussed in this overview and in further detail within this R4 document.

The small business development initiative. There have been many accomplishments during the previous 12 months supporting the development and strengthening of small businesses and new entrepreneurs in Ukraine. A law on accounting passed that requires all Ukrainian enterprises to report in International Accounting Standards (IAS)-based accounting beginning in 2000; a Presidential Decree issued in early 2000 approved guidelines to accelerate the development and regulation of urban and other non-agricultural land markets. Approximately 1,270 enterprises purchased the land under their enterprises, generating over 37 million UAH (\$6.7 million USD) in revenues for local budgets. An extensive, USAID financed Small and Medium Enterprise (SME) Baseline Survey conducted in 1999 provided information on the size and scope of the SME sector which was heretofore only guessed at. This revealed that SMEs account for 54% of total employment in Ukraine and that 30% of SMEs are owned or operated by women. Significant progress was made in expanding service outreach to clients of business service centers and business incubators in 1999, with a total of over 17,000 clients served in 1999 compared to nearly 10,000 in 1998.

Development of a new agriculture program. The Regional Agricultural Development (RAD) project was cancelled before a contractor was selected because the project did not receive critical support as promised from two out of the three pilot regions. Furthermore, this project was designed to assist local agricultural activity in an unreformed environment, a situation that may be changing. In December 1999, collective agricultural enterprises were abolished, opening the way for land privatization, titling and the development of land markets. If the Government is serious in implementing these reforms, a different type of assistance activity will be required,

even if the focus remains at the regional level. A design team is currently assessing the situation and considering the options. A new project is expected to begin late this summer or early FY 2001. Although the RAD project was cancelled, the potential for fundamental sector reform increased in December 1999 with issuance of a Presidential emphasizing the abolishment of collective agriculture enterprises (CAEs), to be replaced with titled private sector entities, protecting rural people's property rights. As a result, regional and local governments have held numerous conferences, seminars, training session and media events promoting reform.

Local Government and infrastructure activities. Local government reforms are progressing. However, achievement of projected results may be hampered due to central government interference in communities where mayors were unsupportive of President Kuchma in the last election and/or have disagreements with oblast officials. Some members of the business community and some media in these localities are harassed by state tax authorities and law enforcement agencies. Some elected mayors have been forced to resign.

Privatization of energy generation and distribution initiative. There were several major achievements this past year including an agreement by the GOU to resume privatization of electricity companies, establishment of a working relationship between the State Property Fund of Ukraine and start up of USAID privatization advisors, and passage of production sharing agreement legislation.

Greater importance on Civil Society development. Citizen activism during the presidential elections was the bright spot of 1999. USAID's readiness to provide grants for civic mobilization by Freedom of Choice 99 Coalition members and other NGOs helped stimulate other donors do the same. Voting data show that youth turnout nearly doubled for this election, compared with the parliamentary elections of 1998 (up from 35% to 65%). In spots where USAID supported NGOs were most active, the turnout of young voters was even higher. In Odessa, the youth vote went up from 20% to 90%. USAID supported programs also helped train and deploy over 55,000 election monitors ensuring free and fair elections as confirmed by the International Foundation for Electoral Systems (IFES).

Assistance is tied to "leveraged" reform and policy requirements of the World Bank and IMF Extended Fund Facility (EFF). The Ministry of Finance (MOF) was frustrated by executive branch and legislative political pressures this past election year in their attempt to formulate and execute a more realistic 1999 budget. Compared with the previous year, real GDP fell by 0.4 percent (in nominal terms, but by just over 30 percent when adjusted for depreciation of the hryvnia against the dollar). Because of this and other factors, Ukraine has not received any new tranches of the EFF from the IMF since September 1999, which worsened the debt situation, further worsened by allegations of National Bank misuse of IMF funds. An audit is presently in process to investigate these allegations. Despite this, major improvements were made in budget accountability and transparency.

Develop a cohesive and preventive health care plan. The Health Program initiative is focused on making the existing system more efficient, affordable, and educational. It seeks to accomplish this partially through the paradigm of shifting the provision of health care to its lowest echelon- the primary health care clinic. The near term objective of the USAID effort is to

increase the capacity of the current government-controlled health system and create a sustainable sector capable of meeting the needs of the population. This is being accomplished through: increasing the capacity of the primary care system to provide services; supporting legislative and policy reforms supportive of primary health care at all levels of government; and providing assistance in enhanced and expanded analytic capacity for disease control and rational health care management. These USAID funded projects have been integrated with several major health agenda items of the Bi-national Commission. These agenda items are: expansion of primary health care pilot programs; analysis and possible assistance for the current tuberculosis situation in Ukraine; addressing the current HIV/AIDS situation and instituting preventive programs; and hosting a successful International Health Donor Conference.

Combating corruption. Community-based programs to promote government integrity and fight corruption have been established in Lviv and Donetsk cities, and are beginning Kharkiv. In Donetsk, the Mission sponsored a Citizen's Advocacy Office (CAO). The CAO investigates complaints related to corruption. Several cases were passed to the procurator's office in Donetsk for formal investigation under CAO monitoring. In addition, CAO lawyers provided legal assistance to resolve other cases. In the coming year, this activity will be duplicated in Lviv and Kharkiv. There will be a design of a new anti-corruption initiative completed this year. This new project will start with FY 2000 funding.

Poland American Ukraine Cooperation Initiative (PAUCI). As Eurasia Foundation's problems effectively halted grant-making operations for PAUCI, USAID/Kiev took over grant-making functions in conjunction with the PAUCI Secretariat staff until a new implementer begins work. It is expected that this will be done by the time the Eurasia grant ends at the end of May 2000. In the meantime, Eurasia has been providing administrative support and training for Secretariat staff. Eurasia personnel and this staff are beginning to work effectively together as a team. To date, fifteen PAUCI grants have been awarded, covering all three of the focus areas -- small business development, local government strengthening, and macroeconomic policy improvement. Recipients have included organizations from all three countries, each with a partner in both Ukraine and Poland, and grant activities such as training, exchanges, policy seminars, and consultations, are well underway.

Kharkiv Initiative. USAID/Kiev continues to work with officials of Kharkiv oblast to achieve the objective of the Kharkiv Initiative -- helping to strengthen the region's economy. Progress has been substantially hampered by the failure of oblast officials to support U.S. recommendations for fair and transparent business practices, thus delaying the process of selecting a U.S. organization to help develop a strategic economic development plan. The selection process is now well underway, and an organization should be put in place this summer. In the meantime, USAID/Kiev continues to have an active program in the Kharkiv region, including, most prominently, support to small and medium enterprise development and training in business skills.

Global Climate Change. USAID led the inter-agency process that developed the strategic directions for bilateral cooperation with Ukraine on climate change. The December 1999 signing of the Memorandum of Intent between the U.S. and Ukraine for Cooperation on Global Climate Change was an important milestone and indicated that the Climate Change Initiative (CCI) may

result in increased integration of environment and economic policies. The CCI is focused on establishing a national administrative structure, development of technical methodologies, building consensus for action and preparing projects for investment in greenhouse gas reduction, especially at power plants, district heating facilities, coal mines, and at industrial boilers.

Trafficking of Women. Funds for this crosscutting initiative are supporting media campaigns and three women's crisis centers in Donetsk, Dnipropetrovsk and Lviv. Two more centers will be opened this year. Their programs directly address the two key factors that have greatly increased women's susceptibility to trafficking - restricted economic opportunities and unreported domestic violence. The centers are reaching the target population and forging new relationships among municipal authorities, law enforcement, women's services and women's NGOs. This project will also support critical research on the more recent trends of trafficking in the region and seed grants to Ukrainian NGOs working on anti-trafficking issues. During the first phase of the program, competitive seed grants were disbursed to 48 organizations across 56 towns and villages.

2. Significant changes that account for poor performance. The investigation of Eurasia Foundation may affect the ability of the U.S. to deliver assistance to a large community of NGOs. There will be a hiatus in the delivery of some of this assistance until this issue is resolved.

Much has changed since the Ukraine strategic plan was submitted in December 1998 and the R4 was prepared last spring. Since then, several critical questions have been answered:

Has the economic crises continued since Dec. 1998 or, is the crises over? During 1999, the Ukrainian economy still suffered from lingering effects of the Russian economic crisis of 1998 as demand for Ukrainian exports within the former Soviet Union continued to decrease. Nevertheless, Ukraine witnessed a strong recovery in industrial output (+4.3%) and this recovery is expected to continue, although gradually wind down, over the next couple of years. As a result of this industrial revival, modest positive growth in GDP is being forecast for 2000-01. Recent actions taken by the Government of Ukraine also signal changes for the better. A five-year package recently approved by the Rada calls for cutting back state bureaucracy, deregulating business, making privatization efforts more open, creating a private land market, lowering taxes and improving tax collection. The President's re-election was quickly followed by the appointment of Victor Yushchenko, Western oriented, and "reformist" former Governor of the National Bank, as Prime Minister. Another reformist, Yuriy Yekhanurov, was appointed First Vice Prime Minister for economic reforms. If the President keeps his team of reformists on the job, the economic future will probably improve for Ukraine.

Has the relationship between the executive and legislative branches improved? Ukraine faces another difficult period of executive-legislative tension that could defer serious reforms. The President continues to deal in a confrontational manner with parliament. While he did appoint a pro-reform Prime Minister, the President used the threat of a referendum on the constitution in order to press for a pro-reform majority in Parliament. The President has indicated he will work to achieve constitutional changes that will enhance his own power relative to parliament.

Are the local governments becoming more desperate due to a fiscally weakened central government? The existing highly centralized system of public finance in Ukraine leaves local governments largely dependent on subsidies from the national government. The overall share of local budgets in the 2000 State Budget has decreased compared to the previous year. However, there are hopes of higher fiscal autonomy of local governments next year. This is due in part to the Financial Analysis Model (FAM). Data provided through the FAM has considerably strengthened the position of the Association of Ukrainian Cities in its efforts to increase local government financial autonomy and establish a more transparent intergovernmental distribution of budget revenues.

3. Most significant program achievements. The Mission is proud of many accomplishments this year. Some of the more significant achievements have been delineated in this overview.

4. Overall prospects for progress through the budget request year, including operating unit actions to overcome factors impeding progress. USAID/Kiev will continue to work in the areas mentioned in this overview for the next 12 months. It is anticipated that the country of Ukraine will continue to strengthen its nascent market reform, democratic, and social sector principles during this period. Clearly, much work remains to be done. With a larger budget for assistance, the Mission could do more, faster. However, given the budget constraints, the Mission has focussed its resources on those projects that will deliver the most beneficial and sustainable assistance to this strategically important country.

5. Prospects for successful closeout. There is no plan for closeout of the Mission within the period of the present strategic plan.

R4 Part II Results Review by SO

Text for SO a

Country/Organization: USAID Ukraine

Objective ID: 121-012-01

Objective Name: Increased soundness of fiscal policies and fiscal management practices

Self Assessment: Not Meeting Expectations

Self Assessment Narrative: Due to political concerns and executive-legislative conflicts surrounding the November Presidential election, the 1999 budget went off-track quantitatively, despite a number of qualitative improvements. These improvements, coupled with a reform-oriented government and a parliamentary majority, should yield greater progress in 2000.

Primary Link to Strategic Agency Framework: 2.4 Accountable Gov't Institutions
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|--|--|
| <input checked="" type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Agricultural Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Education/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Education/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input checked="" type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input checked="" type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input checked="" type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Economic Prosperity

Primary Link to MPP Goals: Economic Development

Secondary Link to MPP Goals (optional): Global Growth and Stability

Summary of the SO:

In a market economy, an efficient fiscal system plays the vital role of providing sufficient revenues to support necessary public expenditures without hampering the growth of the private sector. Reforming the fiscal system will help the Government of Ukraine (GOU) to better define the size and scope of the public sector and the essential needs for public provision of goods and services. It will also encourage private sector economic growth by limiting the resources consumed by government and establishing a fair and stable tax environment. USAID will consider this strategic objective achieved when Ukraine meets the following criteria:

(1) The process of budget preparation, adoption and execution ensures realistic and transparent budgets--at the national and increasingly at the sub-national level ; (2) The tax system is restructured to encourage economic activity and taxpayer compliance and to ensure fair and consistent application of the laws; and (3) Parliamentary deliberations on fiscal legislation are responsible and well-informed.

Key Results:

Efforts by the Ministry of Finance (MOF) to formulate and execute a more realistic budget for 1999 were frustrated by election-year political pressures from both the executive and the legislature. Thus the overall indicator for SO 1.2, "GOU meets IMF deficit target," was not met. Preliminary IMF figures show a 1999 deficit of 2.4 percent of GDP, similar to last year but well in excess of the 1999 target of 1.5 percent. Because of this and other factors, Ukraine has not received any new tranches of the EFF from the IMF since September 1999, which worsened its debt situation.

Failure to meet the 1999 IMF deficit target was due mainly to the Rada (Ukraine Parliament) significantly increasing the revenue estimates (and expenditures) well above levels initially forecast in the 1999 budget. Thus the indicator "revenues equal or exceed forecast" was not met; in fact, revenues to the consolidated budget came in at 94.9 percent of forecast. Although a provision in the budget law authorized expenditure cutbacks if revenues fell short, the MOF's proposals to revise the budget accordingly were not adopted, forcing it to rely on efforts to constrain expenditures administratively within the limits of actual collections. Subsequently, pre-election measures providing tax exemptions and paying down wage and pension arrears overcame these constraints on spending. Although consolidated budget expenditures came in somewhat lower, 97.1 percent of planned levels, they nonetheless exceeded available revenues, resulting in the deficit exceeding the target level.

Within these consolidated budget figures, it is important to note a distinction between central and local governments. Central budget revenues came in far lower than forecast, 83.7 percent, while local revenues exceeded forecast at 119.5 percent. This is generally attributable to more vigorous efforts by tax authorities to collect revenues allocated to local governments in 1999 -- enterprise profits and personal income taxes -- than they gave to those allocated to the central government, mainly the value-added tax. Still more telling is the expenditure pattern. Central budget execution was held to 83.5 percent, within limits of the lower revenue collections, but local governments spent at 121.3 percent, far in excess of planned amounts, and even in excess of their higher-than-forecast revenues.

This points up the importance of reforming the intergovernmental finance system, to ensure clearly delineated revenue and expenditure assignments, stable and equitable transfers from central to local budgets, and hard budget constraints with accountability at all levels of government. The indicator is "central to local government funds transfers done on a formula basis." While not achieved in the 2000 Budget, significant progress been made toward this objective. The enterprise profits tax was centralized, thus creating a financial base for equalizing transfers, and a working group of GOU officials and foreign advisors has been established to develop a formula-based transfers system to be implemented in the 2001 Budget.

Crucial to sound fiscal policies is a tax system that supports economic growth, and the indicator for this is "major tax laws are revised using international standards, harmonized for incorporation into a single tax code, and submitted to Parliament." This indicator was met. A draft tax code was approved by the Cabinet of Ministers and submitted to the Parliament in May 1999, well ahead of the October 1999 date set by an IMF/EFF condition. The draft includes improved versions of the value-added tax and enterprise profits tax passed in 1997, plus sections on personal income tax, excise taxes, administrative provisions, real property tax and local taxes and fees. USAID and U.S. Treasury advisors are assisting both the MOF and the Rada Banking and Finance (Tax) Committee to refine and analyze the impact of the measures in the draft code and to develop better tax policy capacity in the future. These efforts, combined with the tax administration modernization activities described below, should give Ukraine a far more effective, equitable and "user-friendly" tax system.

Performance and Prospects:

The less than stellar quantitative results mask a number of qualitative gains made in 1999 toward improving both the budget process and the tax system. If the impetus gained from the appointment of a more reform-oriented Government following the Presidential election continues, these advances should yield better results in 2000. However, because they involve long-term changes in fundamental ways of doing business, it may take some time before their impact is reflected in the performance indicators.

Major improvements were made in budget accountability and transparency in the 2000 budget, especially the inclusion of a wide array of extrabudgetary funds into the budget, most notably the Social Insurance Fund. The revised budget submitted by the new Government called for eliminating a number of exemptions and privileges, and some of the proposals were approved in the budget adopted in February 2000. Revenue estimates are becoming more realistic, and the Budget Department – aided by training received in USAID's Centers of Policy Excellence-Budget Policy activity -- plans to move toward program budgeting and evaluation during 2000. [It should also be noted that over 2/3 of the participants in the CoPE program were women, one of whom is now slated to head the new State Budget Division of the MOF Budget Department.]

Efforts to strengthen the MOF Budget Department under the World Bank Public Administration Reform initiative (PAR) by incorporating the "sectoral" departments were not wholly successful, but at least the latter are now required to justify their recommendations to Budget. A companion effort to establish an MOF Tax Policy Unit responsible for legislative changes and related economic analysis did not progress during 1999 but appears to be getting underway in 2000.

Tax administration is advancing in a number of ways, stimulated by the requirements of a proposed World Bank computerization loan. The State Tax Administration has created a Modernization Department and entered into a workplan with USAID/US Treasury/IMF advisors to accomplish a number of objectives, including functional reorganization, improved taxpayers services and education, modern audit selection and implementation techniques, better collection practices, and training in international accounting standards. These efforts will bear more fruit if the tax code and the MOF Tax Policy Unit develop as planned and if full adoption of IAS for enterprises progresses.

The Fiscal Analysis Office (FAO) has made great strides toward helping the Rada, especially the Budget Committee, understand fiscal issues. The budget resolution for 2000 was more realistic, though far from conservative, and the 2000 budget as adopted includes the significant reforms noted above. Initial steps have been taken toward making the FAO a permanent arm of the Rada, through proposed amendments to the rules. In addition, most of the analysis and publications are now done by the USAID-funded Ukrainian staff. However, it will probably take some time before the Rada is prepared to assume responsibility for funding and operation of the FAO.

If the fiscal reform program were eliminated, it would be difficult for the GOU to make further progress on budget and tax matters. In the budget area, USAID is the main factor in progress on budget law, budget preparation and intergovernmental finance--all of which are highly important to Ukraine's financial condition and to its eligibility for IMF and World Bank loans. In the tax area, USAID's work in tax administration is crucial to the GOU's realization of any benefits obtained from reform of the tax system, with which we are also active. However, progress on the tax policy side lags behind awareness made in the area of tax administration. Careful consideration must be given to the balance and focus of assistance in these two areas to ensure successful comprehensive tax reform. Finally, USAID support has played a key role in bringing greater fiscal awareness and accountability to the Parliament, which is generally viewed as the greatest barrier to macroeconomic reform in Ukraine.

Possible Adjustments to Plans:

A comprehensive evaluation of U.S. Government-funded fiscal reform and macroeconomic policy activities in Ukraine, including those incorporated under SO 1.2 and those managed separately by the U.S. Treasury, will be carried out in the second quarter of 2000. Given the substantial reductions in the budget for Ukraine and especially for activities with the central government such as fiscal reform, it is essential to evaluate the various activities carried out under SO 1.2 in terms of importance for reform and cost-effectiveness. The results of this evaluation will be used to determine which activities are to be carried forward under a new "Fiscal II" program expected to start at the beginning of FY 2001. New performance indicators will also be developed to better measure results achieved going forward.

Other Donor Programs:

World Bank has an ongoing loan for Treasury system development and computerization, plus pending loans for Public Administration Reform and tax system computerization, but no resident advisors in these areas, making it very reliant on USAID technical assistance. IMF has resident

advisors in Macroeconomic Policy, Treasury, and Tax Collection, all of whom work closely with USAID fiscal reform advisors in these areas. The Canadian International Development Agency has been active in Public Administration Reform and is funding a CoPE-Macroeconomic Modeling program that supports S.O. 1.2 objectives. The UK Department for International Development is providing considerable assistance for Public Administration Reform, some work in local government finance, and possibly a budget policy program centered on the Ministry of Health.

Major Contractors and Grantees:

KPMG/Barents Group, Harvard Institute for International Development CASE – Warsaw, RAND Corporation.

Performance Data Table

Objective Name: Increased soundness of fiscal policies and fiscal practices management			
Objective ID: 121-012-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: Increased soundness of fiscal policies and fiscal practices management			
Indicator: GOU meets IMF deficit target			
Unit of Measure: Yes/No	Year	Planned	Actual
Source: Ministry of Finance, IMF	1995 (B)	NA	No
Indicator/Description: budget deficit as percentage of GDP does not exceed limit in IMF program	1997	Yes	No
	1998	Yes	Yes
	1999	Yes	No
	2000	Yes	NA
Comments: If deficit target changes during the year, then year-end target is reference. The 1999 target of 1.5 percent of GDP was not met, with the deficit amounting to about 2.4 percent, largely due to overly optimistic revenue estimates and spending to pay down wage and other arrears.	2001	Yes	NA
	2002	Yes	NA

Performance Data Table

Objective Name: Increased soundness of fiscal policies and fiscal practices management			
Objective ID: 121-012-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: Budget preparation process is strengthened			
Indicator: Revenues equal or exceed forecast.			
Unit of Measure: Yes/No	Year	Planned	Actual
Source: Ministry of Finance	1995 (B)	NA	No
Indicator/Description: as per adopted budget; revenues within 5% of estimates in adopted budget would indicate stronger budget preparation and avoid large expenditure cuts.	1997	No	No
	1998	Yes	No
	1999	Yes	No
	2000	Yes	NA
Comments: 1999 consolidated budget revenues came to 94.9% of forecast, but central budget shortfall was much greater, 83.5%.	2001	Yes	NA
	2002	Yes	NA

Performance Data Table

Objective Name: Increased soundness of fiscal policies and fiscal practices management			
Objective ID: 121-012-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: Intergovernmental finance system is restructured.			
Indicator: Central to local government funds transfers done on formula basis			
Unit of Measure: Yes/No	Year	Planned	Actual
Source: MOF Budget Department	1995 (B)	NA	No
Indicator/Description: Budget for next fiscal year as proposed and adopted allocates funds to local governments based on specific weighted criteria rather than just on local deficit estimates.	1997	No	No
	1998	No	No
	1999	Yes	No
	2000	Yes	NA
	2001	Yes	NA
	2002	Yes	NA
Comments: 2000 Budget takes a number of steps toward formula-based transfers, including centralization of enterprise profits tax, thus improving the prospects for implementation in the 2001 budget.			

Performance Data Table

Objective Name: Increased soundness of fiscal policies and fiscal practices management			
Objective ID: 121-012-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: Tax system supports economic growth			
Indicator: Major tax laws are revised using international standards, harmonized for incorporation into a single tax code, and submitted to Parliament			
Unit of Measure: number submitted to/approved by Parliament	Year	Planned	Actual
	1995 (B)	NA	0
Source: STI, Rada	1997	3	4*
Indicator/Description: VAT, enterprise profits (corp.income) tax (EPT), personal income tax (PIT), excise taxes, administrative provisions.	1998	4 approved	3 approved
	1999	single code enacted	single code submitted to Rada
Comments: VAT and EPT enacted but improvements needed; excise taxes revised by decree; full tax code submitted to Rada in May 1999, but much additional work required for optimum results. Previous target for enactment was too ambitious. Work on tax code should be accompanied by development of MOF Tax Policy Office that will work toward establishing a tax system that promotes economic growth.	2000	Rada considers draft code; some sections are approved	NA
	2001	Tax code fully enacted	NA
	2002	Tax code implemented ; with technical amendments as necessary	NA

Text for SO b

Country/Organization: USAID Ukraine

Objective ID: 121-013-01

Objective Name: Accelerated growth and development of private markets SUB - SO 1.3a. A more market responsive agricultural sector

Sub-Objective Name: 1.3a: A more market responsive agricultural sector

Self Assessment: On Track

Self Assessment Narrative:

Primary Link to Strategic Agency Framework: 1.2 Ag Development/Food Security
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|---|--|
| <input checked="" type="checkbox"/> 1.1 Private Markets | <input checked="" type="checkbox"/> 1.2 Agricultural Development/Food Security |
| <input checked="" type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Education/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Education/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: National Security

Primary Link to MPP Goals: Economic Development

Secondary Link to MPP Goals (optional): Regional Stability

Summary of the SO:

Strategic Objective SO 1.3a: This sub-objective contributes to the emergence of a competitive market economy in which the majority of economic resources are privately owned and managed by assisting the development of a more private sector-oriented agricultural sector. A private agricultural sector consists of private entities who produce, market and process agricultural commodities with limited government interference. Significant progress has been made in this sub-objective.

Reform of the sector is on track and in fact began moving faster than anyone would have predicted. Significant continuing work is still needed and this objective will be fully met when: (1) The GOU completes the process of withdrawing from ownership, management and control of agricultural business activities. (2) The process of transferring land and other assets from collective to private ownership is finished. (3) Private individuals and companies complete the process of replacing government entities and agencies as the central actors in the agricultural marketplace. Also, our major customers include: private farmers, rural youth, rural women, private agro-industries, agricultural NGOs, reform minded political and government leaders/agencies.

Key Results:

More effective PCAP Secretariat and APAG (IR 1.3a1.1)

USAID enabled improved Ukrainian policy capacity through support for the Secretariat of the Presidential Commission on Agrarian Reform (PCAP) and an Agricultural Policy Analysis Group (APAG) in the Ministry of Ag Policy. The USAID supported Secretariat's most significant success was drafting Presidential Decree #1529, which made de-collectivization and privatization of land the lynch pin of national agricultural policy. The USAID RONCO project is actively involved with the Secretariat in modifying the Land Code and other important farm debt and restructuring and other land reform issues. As detailed in the Performance Data Table, the USAID played a central role in the preparation and adoption of six Ukrainian legal acts and development of an additional 30 reform-oriented pieces of legislation and regulation. USAID has been crucial in facilitating GOU and IMF and WB agricultural negotiations, and in helping the GOU move forward toward meeting the conditions.

Government-issued land titles (IR 1.3a.2.1)

USAID's carried out farm restructuring and land titling in 17 oblasts and this provided the stimulus for the government adoption of Presidential Decree #1529. By restructuring farms and issuing land titles throughout the country, USAID provided evidence that a national program can improve agricultural performance. USAID restructured 682 Collective Agricultural Enterprises in 1999 resulting in 839 new legal successor entities, and 11,704 private subsidiary farms being spun off. USAID trained more than 1,000 regional government officials regarding objectives of farm restructuring and issuance of land titles and 240 professional staff were trained to carry out farm restructuring. Land titles were issued to 164,668 people.

USAID supported Louisiana State University to establish a Private Farmer Training and Outreach Center in Vinnytsia in October 1998. In 1999 the project developed 13 raion extension agency offices to service private farmers in the entire Oblast. LSU developed an input supply and marketing database to assist private farmers in accessing input and market information. In addition, the project conducted farmer seminars, workshops and organized field days at

demonstration plots. In total, the project fielded 5,500 farmer and plot holders requests for market and technical information.

Private joint-venture partnerships, establishing private agriculture input supply and marketing centers, processing facilities and other agribusinesses (IR 1.3a.2.2)

Despite market constraints and changing government policy, the USAID's AP II program and the Private Farm Commercialization Program developed 22 private joint venture partnerships including private agriculture input supply and marketing centers, processing facilities, and other agri-businesses. The partnerships include activities ranging from herbicide and fertilizer supply, to providing villagers marketing opportunities for milk by establishing cooperative based milk collection stations. The APII Project is scheduled to conclude in August 2000.

State-owned grain elevators privatized (IR 1.3a.2.5)

USAID-supported mass privatization led to the privatization of 5,600 out of 6,000 medium and large agro-industrial enterprises eligible for privatization. Privatization of Ukraine's large grain elevators, which began in early 1998, is now well under way. To date, 435 elevators are 70% privatized and 116 fully privatized. The Price Waterhouse Coopers project was concluded June 1999, although some minimal effort continued under CNFA until early this year.

Performance and Prospects:

The potential for fundamental sectoral reform increased with the December 1999 issuance of Presidential Decree # 1529 "On Immediate Measures to Accelerate Reform of the Agricultural Sector of the Economy." The de-collectivization decree emphasized abolition of collective agriculture enterprises (CAEs), replacing them with private sector entities, land titling, and protecting rural people's property rights. Regional and local governments actively assisted with the implementation of this decree. Local governments have held numerous conferences, seminars, training sessions and media events (press conferences, radio, TV) independently promoting sectoral reform. USAID programs have increased efforts to publicize and inform the farm public regarding their rights and opportunities given the reform renewal.

The GOU has taken other first time reform steps in the agriculture arena. These are: Cabinet of Ministers' Resolutions rescinding certification barriers to grain and processed grain exports; rescinding government supply of some production inputs and limiting government supply of others; establishing simplified procedures for ag land purchases by villagers with land plots; transforming the state reserve into a transparent and accountable government corporation and transferring the social sector infrastructure from farms to municipal governments.

Other important reform steps are: a) a framework has been established under the Presidential Commission for Agrarian Policy, through which the GOU and international donors work together to reform the agriculture sector; and b) the Ministry of the Agricultural Industrial Complex has been abolished and is being replaced by the Ministry of Agrarian Policy. The expressed intent of this change is to transform the GOU role in the Agricultural sector from control to support.

Possible Adjustments to Plans:

USAID in response to limited progress on agricultural reform in 1999 and to budget constraints cancelled the planned Regional Agricultural Development (RAD) Project early this year. RAD was to replace a number of separate activities with a single activity. Government of Ukraine agricultural policy reforms at the end of 1999 and in the first quarter of 2000 created a new policy and production environment. This environment has developed with strong encouragement from the USG, IMF and the WB. Because of program closeouts and the new environment, USAID is now planning to move ahead with a sectoral review leading to potential new programs in FY 2001.

An initial agriculture assessment with the World Bank was completed by two senior USAID staff members in March 2000. Their assessment substantiates movement on agricultural reform and the need for USAID continuing work in the sector. Following this initial assessment USAID has undertaken a more detailed review looking at programming options and to assess actual on the ground change. Our expectation is that our future program will include major emphasis on land titling and liquidation of Collective Agricultural Enterprises to create multiple private farming entities. Assistance is also planned to help the private sector take on the agriculture-input distribution and output-marketing vacuum created by the GOU withdrawal from direct involvement in the sector. The project will continue to provide limited assistance to agricultural NGOs so that these organizations may acquire a more effective voice in articulating and advocating a unified private sector based policy reform agenda. USAID expects to get this new program underway as current agribusiness activities, and farm restructuring and land titling projects end late this year.

Other Donor Programs:

The WB, EU/TACIS, the BKH Fund and USAID cooperate closely in their policy reform activities, by jointly funding the work of PCAP and APAG. IFC and the BKH Fund are continuing active involvement with USAID in the field of farm restructuring and land titling. The IMF includes agriculture reform as one of the major conditions for future disbursements through the Extended Fund Facility. Preliminary discussions between the IMF and the GOU, supported directly by USAID and the World Bank to help meet the agriculture conditions, look poised to finally help bring about major policy reform in the agriculture sector.

The WB also plans to reactivate its agriculture lending program in 2000, but has indicated that RADA approval of the Pre-Export Guarantee (PEG) loan and passage of a Title Registration Law are conditions for reactivation. WB reactivation would likely lead to loan facilities for a Land Title Registration Loan (to include significant funding for land titles), and a Rural Finance (credit) Loan. Further down the road is an Agribusiness Loan, and possibly a new Rural development project that could include co-financing of farm restructuring. WB assistance, working hand in glove with USAID, is critical if the GOU is to be capable of completing the abolition of all CAE in the country, providing 6 million land titles to eligible recipients and providing the support services (inputs, credit, extension services) that are critical to a modern, private sector based agriculture system in Ukraine.

Major Contractors and Grantees:

These include RONCO International Corp, Citizens Network for Foreign Affairs, Iowa State University, and Louisiana State University.

Performance Data Table

Objective Name: SO.1.3.a. A More Market Responsible Agricultural Sector			
Objective ID: 121-013-01			
Approved: 08/30/1996		Country/Organization: USAID Ukraine	
Result Name: Increased access to agricultural inputs by private agricultural producers			
Indicator: Private joint-venture partnerships, establishing private agriculture input supply and marketing centers, processing facilities and other agribusinesses			
Unit of Measure: cumulative number of partnerships	Year	Planned	Actual
	1996 (B)		0
Source: Agricultural Partnership Program (CNFA)	1998	24	22
	1999	27	22
Indicator/Description: Number created under USAID-supported Agricultural Partnership program	2000	23	NA
Comments: 1998 data includes earlier five AP-I activities. 1999 data exludes earlier five AP-I activities.			
The project will finished in August, 2000. Data for this indicator will not be collected after 2000.			

Performance Data Table

Objective Name: 1.3a. A More Market Responsive Agriculture			
Objective ID: 121-013-01			
Approved: 09/15/1995		Country/Organization: USAID/ Ukraine, Kyiv	
Result Name: IR 1.3a.2.1. Increased access to land for private farming			
Indicator: (1) Government issued land titles; (2) Farms restructured;			
Unit of Measure: (1) number (thousands);	Year	Planned	Actual
(2) number	1995(B)	(1) 0	(1) 0
Source: Ukr.Land Resource Committee and RONCO			
Indicator/Description: 1)Legally valid titles, issued in Ukraine, including those by RONCO; 2) Number of restructured farms in Ukraine, including those by RONCO.	1998	(1) 125	(1) 121
	1999	(1) 325	(1) 220 (incl.164 by RONCO)
		(2) 650	(2) 1000 (incl.682 by RONCO)
Comments: December 1999 data on commulative land titles issued and farms restructured .			
	2000	(1) 625 (2) 3,000	NA
	2001	(1) 1,000 (2) 6,500	NA
	2002	(1) 3,000 (2) 11,000	NA

Performance Data Table

Objective Name: 1.3a. A More Market Responsive Agricultural Sector			
Objective ID: 121-013-01			
Approved: 06/01/1996		Country/Organization: USAID /Ukraine,Kyiv	
Result Name: IR 1.3a.1.1. Improved capacity for agricultural policy formulation and analysis			
Indicator: More effective PCAP Secretariat and APAG			
Unit of Measure: number	Year	Planned	Actual
Source: PCAP Secretariat and APAG monthly reports and ISU Ag Policy Analysis Project's Quarterly reports	1998 (B)	5	12 (2 have led to the CabMin Resolutions)
Indicator/Description: legislation, regulations and decrees prepared by PCAP Secretariat and APAG and approved by Cabinet of Ministers, President and/ or VR	1999	5	6 (+ notes on more than 30 draft legisl)
Comments: PCAP Secretariat- Secretariat under the Presidential Commission on Ag Policy; APAG-Agricultural Policy Analysis Group under the Ministry of Ag Policy.	2000	15	
	2001	25	
	2002	45	

Performance Data Table

Objective Name: SO.1.3.a. A More Market Responsible Agricultural Sector			
Objective ID: 121-013-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: Improved marketing infrastructure			
Indicator: State-owned grain elevators privatized			
Unit of Measure: cumulative number of elevators	Year	Planned	Actual
	1998 (70%)	161	198
Source: State Property Fund and PriceWaterhouseCoopers	1998 (100%)	15	14
	1999 (70%)	443	435
Indicator/Description: privatized to 70% privatized to 100%	1999 (100%)	200	116
	2000 (70%)	-	-
	2000 (100%)	237	NA
Comments: Out of 443 elevators subject to privatization 435 have been at least 70% privatized and 116 fully privatized as of March 16,2000. This year the GOU announced it will also add another elevators to the list for privatization. All the elevators will be subject to 100% privatization by the end of 2001. This is the last year for reporting this activity.	2001 (70%)	-	-
	2001 (100%)	-	-
		-	-

Text for SO c

Country/Organization: USAID/Ukraine

Objective ID: 121-013-01

Objective Name: Accelerated development and growth of private enterprises

Sub-SO Name: SO 1.3b: Privatized enterprises are more competitive and efficient

Self Assessment: On Track

Self Assessment Narrative:

Primary Link to Strategic Agency Framework: 1.1 Private Markets
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|---|--|
| <input checked="" type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Agricultural Development/Food Security |
| <input checked="" type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Education/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Education/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Economic Prosperity

Primary Link to MPP Goals: Economic Development

Secondary Link to MPP Goals (optional): No Secondary Linkage

Summary of the SO:

This Sub-SO is responsive to the needs of enterprises during the post-privatization period. The objective focuses on skill transfer, privatization of certain assets, including unfinished buildings and land under enterprises, legal and regulatory reform, elements of financial sector development (accounting reform) and to a lesser extent, investment. Particularly in the areas of skill transfer and deregulation/policy reform, SO 1.3b is integrated into the broader business development program. USAID/Kiev will consider this Sub-SO achieved when the business environment in Ukraine provides the skills and services necessary for enterprises to efficiently restructure their operations, the numerous legal/regulatory constraints to enterprise growth and development are reduced or eliminated, and conversion to international accounting standards (IAS), which is an essential step for Ukrainian enterprises to attract investment and accurately measure performance, is widely adopted. An improved business environment will entail (1) greater outside ownership and control over privatized enterprises and (2) a financial sector that increases investment in firms.

Key Results:

The Sub-SO indicator is change in industrial production. Official estimates of industrial production showed positive growth--4.3% over 1998 levels--during 1999 although levels are expected to gradually slow down over the next couple of years (Economist Intelligence Unit, Ukraine Country Report, 1st Quarter 2000).

During 1999, 11 new enterprises and six new investment intermediaries were selected for participation in the Phase II training program of the Enterprise Restructuring Project (ERP). The ERP also provided four general restructuring seminars for eight business service centers (BSCs), four management consulting centers, 11 enterprises, and 14 investment intermediaries. Additionally, two USAID-funded MBA-level restructuring courses were provided to more than 30 enterprises and two management consulting firms. Through cooperation with a USAID-funded management education project, the ERP also developed and delivered a training course for 10 local enterprises, two business centers, and two academic institutions. As a result of these collaborative activities, 150 professionals were trained. To date, the ERP has provided direct restructuring and training for 10 enterprises through cooperation with five investment intermediaries. Thirty-five other enterprises and more than 430 professionals have been trained in restructuring and organizational change.

The indicator description for IR 1.3b.1 "Enterprises using IAS," was changed from "Number of firms complying with Securities Commission standards for IAS" to "Number of firms converted to IAS-based accounting standards" to emphasize the passage of the Law on Accounting and the number of Ukrainian enterprises converting their records to IAS-based standards at the transaction level rather than at the report level. Although only 50 firms, below the target of 300, were complying with IAS by the end of 1999, significant legislative progress was achieved through the passage of the aforementioned Law on Accounting that requires all Ukrainian enterprises to report in IAS-based accounting beginning in 2000. The GOU's accounting reform program is well under way now with half of the IAS-based accounting standards and the new chart of accounts already adopted.

While private ownership of agricultural land continues to be a hotly debated political issue, privatization of urban (enterprise) land is legal in Ukraine and regulations/procedures exist for enterprises to purchase the land underneath them. To date, the sale of enterprise land has expanded to 220 rayons (44% of total) in 24 oblasts and a network of 26 land sales field offices have been created, employing almost 200 trained real estate professionals. During 1999, approximately 1,270 enterprises purchased their land under the Ukrainian Enterprise Land Sales project (UKRels), generating over 37 million UAH (\$6.7 million USD) in revenues for local budgets. Over 1,500 enterprises now own the land they occupy. This number meets expectations for 1999. Although there have been more than 50 secondary sales of enterprise land, growth of secondary sales has been limited due to the underdevelopment of the real estate industry and lack of demand for commercial property.

With USAID support, over 1,500 unfinished construction sites (UCS) have been privatized via 320 auctions. This activity has generated over \$50 million USD for local governments and created more than 7,000 new jobs. Additionally, over 250 social assets have been privatized. The sale of unfinished construction sites facilitates the transformation of abandoned sites into new businesses, which attract capital, create new jobs, and provide more goods and services to the economy, simultaneously generating funds for impoverished local governments. The corresponding World Bank EDAL II conditionality was successfully met. The total number of UCS privatized to date is over 7,120 although the R4 target of 10,000 UCS to be privatized by the end of 1999 was not met. USAID support for this activity will end in July 2000.

Performance and Prospects:

Despite some challenging macroeconomic conditions, this Sub-SO is on track. During 1999, the Ukrainian economy still suffered from lingering effects of the Russian economic crisis of 1998 as demand for Ukrainian exports within the former Soviet Union continued to decrease. In addition, direct foreign investment continued to decline, the hryvnia weakened, inflation remained high, and unemployment was on the rise. In spite of these conditions, Ukraine witnessed a strong recovery in industrial output and this recovery is expected to continue, although gradually wind down, over the next couple of years. As a result of this industrial revival, the recent trend of annual decline in real GDP growth was limited to only 0.4% in 1999 and modest positive growth in GDP is being forecast for 2000-01. A new Presidential decree was drafted to accelerate the pace of privatization of state-owned enterprises. During 1999, revenue generated from privatization totaled 676 million UAH (\$140 million USD), although it was 15% below the target of 800 million UAH.

Macroeconomic conditions are likely to remain difficult for the foreseeable future. However, opportunities for positive change do exist and are more realistic at the enterprise level. Therefore, assistance to privatized enterprises in key areas such as accounting, asset privatization and restructuring, and skills transfer will continue through the period.

As a result of ERP's restructuring and training efforts, participating enterprises have improved their corporate governance structures and witnessed a decline in wage and inter-enterprise arrears. The project's outreach activities are likely to generate greater awareness of the importance of restructuring and stimulate demand for transfer of enterprise restructuring skills.

Conversion to IAS is an essential step for Ukrainian enterprises to attract investment and accurately measure performance. The USAID-funded Accounting Reform Project has trained almost 400 Ukrainian accountants in IAS, assisted in the adoption of 12 Ukrainian National Accounting Standards in compliance with IAS, and supported the formation of the Ukrainian Federation of Professional Accountants and Auditors (UFPAA). Despite concerns about the readiness of the industry to make the conversion to IAS and the normative framework, the GOU has stated the irreversibility of the course taken.

Enterprise land privatization should expand significantly during 2000 and fuel a growing secondary market for urban commercial real estate. Land-based lending supported by an expected new Law on Mortgages will open more credit options for businesses. A Presidential Decree issued in early 2000 approved guidelines to accelerate the development and regulation of urban and other non-agricultural land markets. The pace of UCS privatization is also expected to increase through the end of USAID assistance in July 2000. A Presidential decree on UCS privatization was signed and is expected to be approved by Parliament. This law will resolve obstacles that currently prevent efficient privatization of UCS.

Maintaining current levels of funding for all of the activities described above is essential to continue the momentum now building, especially given Ukraine's improved industrial outlook, recent passing of the Law on Accounting, government support for increased private ownership of enterprise land, and the demand for enterprise restructuring skills.

Possible Adjustments to Plans:

Although corporate governance is an element of several projects in the Mission's existing portfolio, we plan to propose an activity that will make corporate governance a key focus of our private sector development program. With an emphasis on advancing the concept of adopting international standards of business practice in Ukraine, we envision a corporate governance activity with four or five important components. Recently, USAID, World Bank and the Organization for Economic Cooperation and Development collaborated in the formulation of corporate governance principles and guidelines. In 1999, several countries in the East and Central Asia region endorsed those guidelines to demonstrate to international investors that shareholder rights, board of director responsibilities and senior enterprise managers commitments to shareholders, among other matters, will be respected comparable to investment environments existing in more advanced financial markets around the world. Our USAID program anticipates supporting (in collaboration with other international donors) Ukrainian business associations to articulate and advocate adoption of international standards of corporate governance. Further, building on our successful international standards of accounting and auditing program, an effort will be made to incorporate corporate governance principles and guidelines as part of curriculum reform in business management institutes and universities. Licenses and certificates issued in the financial market sector could include a requirement that the recipient either complete a corporate governance course or demonstrate understanding and commitment to comply with international standards of corporate governance. Another potential component of our corporate governance initiative can build on the success of our enterprise restructuring program undertaken, to date, by KPMG Barents Group, W/NIS Enterprise Fund

and the International Finance Corporation in Ukraine. By advancing lessons learned in those activities, the new corporate governance activity can focus on restructuring of enterprises to enable boards of directors, senior managers and shareholders to upgrade the competitiveness of the firm by introducing new products, reorganizing production techniques and facilities, accessing information technology, accessing international financial markets, improving employee knowledge and technical capability and undertaking other restructuring initiatives to achieve company profitability, create new jobs, and contribute to a better standard of living in Ukraine. It is anticipated that a new corporate governance activity will be designed in late FY00 or early FY01 with implementation procurement scheduled for 2nd quarter FY01.

Other Donor Programs:

The European Union's TACIS program and the World Bank have been involved in enterprise restructuring. TACIS has also been involved with the accounting reform project. The World Bank and the IMF have put forth loan conditionalities that speed up privatization.

Major Contractors and Grantees:

Barents Group, Chemonics International, International Business and Technical Consultants, Inc. (IBTCI), International Finance Corporation (IFC), Pricewaterhouse Coopers (PwC), and The Recovery Group.

Performance Data Table

Objective Name: Accelerated development and growth of private enterprises			
Sub-SO Name: SO 1.3b: Privatized enterprises are more competitive and efficient			
Objective ID: 121-013-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: Increased access to market-driven business skills			
Indicator: Enterprises using International Accounting Standards (IAS)			
Unit of Measure: Cumulative number of enterprises	Year	Planned	Actual
	1998 (B)	NA	0
Source: IAS Project, SSMSC	1999	300	50
Indicator/Description: Number of firms complying with SSMSC standards for IAS	2000	600	NA
	2001	900	NA
	2002	1,200	NA
Comments: Note that the planned targets have been revised. Because the SSMSC's inability to enforce the regulation requiring IAS reporting by enterprises except on a voluntary basis through 1999. The revised numbers more accurately reflect the anticipated growth of IAS reporting by enterprises not publicly traded.			

Performance Data Table

Objective Name: Accelerated development and growth of private enterprises			
Sub-SO Name: SO 1.3b: Privatized enterprises are more competitive and efficient			
Objective ID: 121-013-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: Enterprises have the ability to own land and premises			
Indicator: Unfinished construction sites			
Unit of Measure: Cumulative number of sites	Year	Planned	Actual
Source: State Property Fund	1998 (B)	NA	5,000+
Indicator/Description: Unfinished construction sites sold to private companies or individuals in order to complete the facilities and create new jobs.	1999	10,000	7,120
	2000	15,000	NA
Comments: data for this indicator will not be collected as USAID/Kiev support for this activity will end in July 2000.			

Performance Data Table

Objective Name: Accelerated development and growth of private enterprises			
Sub-SO Name: SO 1.3b: Privatized enterprises are more competitive and efficient			
Objective ID: 121-013-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: Enterprises have the ability to own land & premises			
Indicator: Increased private ownership of enterprise land			
Unit of Measure: Cumulative number of enterprises	Year	Planned	Actual
	1997 (B)	NA	30
Source: UKRels Project, State Committee on Land Resources	1998	30	265
	1999	1,500	1,535
Indicator/Description: Enterprises purchasing land in Ukraine	2000	2,000	NA
	2001	2,000	NA
	2002	2,000	NA
Comments:			

Performance Data Table

Objective Name: Accelerated development and growth of private enterprises			
Sub-SO Name: SO 1.3b: Privatized enterprises are more competitive and efficient			
Objective ID: 121-013-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: Privatized enterprises are more competitive and efficient			
Indicator: Industrial Production			
Unit of Measure: % change over prior year	Year	Planned	Actual
Source: World Bank, Ukrainian Economic Trends, Economist	1997 (B)	-4.5%	-1.8%
	1998	-1.0%	-1.5%
Indicator/Description: Change in the level of output by industry	1999	-5.0%	+4.3%
	2000	0%	NA
	2001	+1.0%	NA
	2002	+5.0%	NA
Comments: Note that the planned targets have been revised to more accurately reflect the impact of regional economic crisis and slow recovery of industrial sector.			

Text for SO d

Country/Organization: USAID/Ukraine

Objective ID: 121-013-01

Objective Name: Accelerated growth and development of private enterprises

Sub-SO Name: SO 1.3c: Expanded role of small and medium enterprises in national economy

Self Assessment: On Track

Self Assessment Narrative:

Primary Link to Strategic Agency Framework: 1.1 Private Markets
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|---|--|
| <input checked="" type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Agricultural Development/Food Security |
| <input checked="" type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Education/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Education/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Economic Prosperity

Primary Link to MPP Goals: Economic Development

Secondary Link to MPP Goals (optional): No Secondary Linkage

Summary of the SO:

This Sub-SO recognizes that small and medium enterprise (SME) development is an essential element of Ukraine's transition to a market economy because SMEs can stimulate economic

growth, assist in the development of the private sector, and make the economy more attractive to potential investors. SMEs can become the main source of employment and income for Ukrainians since SMEs can absorb a large number of unemployed workers dislocated by the restructuring of privatized former state-owned enterprises. Effective government policies and programs for SMEs can also bring those displaced workers operating in the informal sector back into the formal economy, thus encouraging private sector development and increased government revenues. USAID will consider this objective achieved when the level of access to business skills and information is improved, the enabling environment becomes more conducive to business development, and the financial system is strengthened to permit greater access for SMEs to credit and investment.

Key Results:

An assessment of business incubator programs in Ukraine recommended how USAID/Kiev could benefit from the lessons learned of similar programs around the world when planning future activities. Although the number of loans to SMEs increased during 1999, lending by WNISEF, the Eurasia Foundation, and participating banks in the EBRD Microcredit Program has still been less than anticipated. Through the end of 1999, after beginning operations in December 1998, the EBRD program has only provided 159 micro loans (worth \$1.1 million USD) and 95 small loans (worth \$3.8 million USD). The Eurasia Foundation's lending program began in 1997 but has made only 22 SME loans totaling \$1.1 million USD to date. The small business loan fund of WNISEF has provided only 59 loans--worth \$2.7 million USD--since its inception in 1996. The EBRD was able to obtain an agreement in principle with the IFC, WNISEF, and German KfW to provide financing to establish a MicroBank in Ukraine. USAID/Kiev supports this new initiative by the EBRD and has indicated its willingness to shift funds for technical assistance from EBRD's participating Ukrainian banks to the MicroBank. USAID/Kiev held discussions with Ukrainian NGOs interested in microcredit and with representatives of GOU. There appears to be considerable interest in joining together to initiate legislation to permit NGOs to lend money to enterprises and to charge interest.

During 1999, the total number of clients served at the NewBizNet and IFC business centers, the Loyola and Counterpart business incubators, and through other projects providing training increased by more than 7,000. In sum, these mechanisms reached over 17,000 clients, surpassing the planned target of 12,000 for 1999. IFC opened three new centers. Several new projects began during the past year: a business education project focusing on the provision of western economics training to teachers and students; a project that provides short-term study tours in the U.S. for Ukrainian managers, particularly those in the food processing industry; and a project that addresses the needs of Ukrainian women entrepreneurs in acquiring business skills, gaining employment, and accessing finance. One project was awarded a new grant to continue its program of providing U.S. volunteer executives for consulting with a variety of Ukrainian firms while another project--Ukraine Market Reform Education Program (UMREP)--continued providing a vast array of activities promoting public awareness of and support for market reform.

Although the number of days businesses spent on obtaining a license increased from 14 to 19 over the past year, the target of less than 20 days was still met. The number of days businesses spent on registration--3.5--remained the same as the year before. These figures are only one indication of how the legal, regulatory, and political environment is becoming more conducive to

business development. Another indication of how the business environment is improving stems from the work of USAID/Kiev in providing ongoing support to reformers at national, regional, and local levels in Ukraine. This has included support to the national government through the Inter-Agency Commission on Economic Reform and the State Committee on Entrepreneurship Development (SCED). USAID/Kiev has supported a business association development activity since 1997 and as of October 1999, a network of over 100 associations had been established. A national conference of business associations was held in Kiev to discuss their role in SME development in Ukraine. With USAID financial support, SCED sponsored the first extensive and independent survey of over 10,000 Ukrainian SMEs. It revealed demographic information on ownership, number and form of employment, and general characteristics of the sector. Annual updates of the survey will illustrate changes in the size and structure of the SME sector and reflect the impact of various policy improvements and donor programs supporting the sector. PIMS, a system consisting of a working group, periodic surveys, regional hotlines, and public hearings, was established. This system provides a means for businesspeople to voice their opinions and experiences with public officials to determine if positive changes in policy and regulatory reform are having an impact at the local level.

The number of loans provided to SMEs increased significantly. Under the EBRD Microcredit Program, the small business loan fund of the Western NIS Enterprise Fund (WNISEF), and Eurasia Foundation, over 330 loans, worth nearly \$8.7 million have been provided to SMEs. While the importance of this increase in loan disbursement is recognized, it should be noted that the number of loans disbursed has fallen short of expectations.

Performance and Prospects:

Significant progress was made in expanding service outreach to clients of business service centers and business incubators in 1999 even when direct USAID financial support to the four original NewBizNet centers came to an end. A number of other projects began operation in 1999 that provide business education to young entrepreneurs, take Ukrainian businesspeople on study tours to the U.S., and address women's economic issues. USAID/Kiev places considerable emphasis on the integration of gender considerations throughout the entire SME activity portfolio. Continued progress was made in improving the legal, regulatory, and policy environment for SMEs in Ukraine. With USAID support, the Ukrainian government sponsored a survey of formal and informal SMEs that estimated the number of small businesses operating in Ukraine and provided information about employment size and type of industry small businesses are operating in. Two other surveys examined the state of the Ukrainian consulting industries and the process of implementing legislation that affects SMEs. The number of loans made to SMEs through the EBRD Microcredit Program increased but not up to expectations. Discussions were held with local NGOs and government representatives to create a legal framework whereby Ukrainian NGOs could provide credit and charge interest to SMEs.

Maintaining current budget levels is necessary to ensure that progress continues in these areas especially when considering that SMEs account for over 50% of total employment in Ukraine. Consistent budget levels are necessary to support USAID/Kiev's new BIZPRO activity; an activity that will consolidate a number of projects in the Mission's SME development portfolio, thereby reducing contracting and management actions, and providing for greater synergies among a number of activities.

USAID/Kiev's new BIZPRO activity will consolidate a number of the Mission's SME development activities into three broad categories--business skills development, policy/regulatory reform, and access to finance. Although direct support to the NewBizNet centers ended in 1999 and direct support to the IFC centers will end in 2000, a system of work orders and vouchers to be put into place with BIZPRO will enable these centers to receive some financial assistance through the completion of specific short-term activities. An assessment of the NewBizNet and IFC business centers in early 2000 will provide USAID/Kiev with a review of past performance and make recommendations on how to best utilize their services in the future, particularly within the framework of BIZPRO. Another assessment will address a range of issues related to the continued transfer of UMREP activities to Ukrainian institutions and will provide recommendations to identify and/or develop and strengthen a Ukrainian organization(s) that may be able to implement parts or the entire UMREP program on its own. One other assessment to take place in 2000 will assist USAID/Kiev in understanding the current environment for the growth and sustainability of credit unions in Ukraine, particularly relating to the potential impact of a viable credit union movement on the formation, development, and growth of SMEs, and provide recommendations for a Request for Assistance (RFA).

Possible Adjustments to Plans:

Beginning in 2000, USAID/Kiev will add new lower level IRs and indicators under SO1.3c although two of the three principal IRs and their corresponding indicators should remain the same. The indicator for IR 1.3c.1 will be changed to "Increase in the number of SMEs served by business service providers" in order to track not only SME clients of business service centers and incubators, but SME clients of the volunteer executive, women's economic empowerment, management education, and other similar programs. Furthermore, the units of measure for the indicators under IRs 1.3c.1 and 1.3c.3 will track the number of female clients served by business service providers, and women-owned or managed firms receiving loans. The reason for adding new lower level IRs and expanding the number of indicators is that the Mission will be focusing less on institutional development of business service providers and more on developing the skill base of entrepreneurs working for SMEs and improving the overall business climate for SMEs to operate in. The specific lower level IRs and indicators will be agreed upon by USAID/Kiev and the contractor who is awarded responsibility over the BIZPRO activity.

Other Donor Programs:

Other donors have been contributing to Ukraine's development. For example, the European Union's TACIS program funds some business centers and management training projects and is currently developing a strategy for its next phase of SME development. The Soros Foundation finances a number of business incubators throughout Ukraine; CIDA funds a credit union program; the British Know-How Fund funds a business education program; and EBRD and the German-Ukrainian Fund are providing microcredit with USAID, European Union, and German technical assistance.

Major Contractors and Grantees:

ACDI/VOCA, Center for Economic Initiatives, Citizens Democracy Corps, Consortium for Enhancement of Business Management Education, Counterpart International, Development

Alternatives Inc., Gavin Anderson and Company, International Executive Service Corps, International Finance Corporation, Junior Achievement International, Loyola College, Management Systems International, University of Minnesota, Winrock International.

Performance Data Table

Objective Name: Accelerated growth and development of private enterprises			
SO 1.3c Name: Expanded role of small and medium enterprises in national economy			
Objective ID: 121-013-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: Improved access to market business skills and information			
Indicator: Clients at business service centers and business incubators			
Unit of Measure: cumulative number of clients served	Year	Planned	Actual
	1997 (B)		6,500
Source: NewBizNet, IFC, Loyola, Counterpart, Alliance, WEE, CEUME, JA	1998	10,000	10,000
	1999	12,000	17,000
Indicator/Description: USAID-funded centers, incubators, volunteer executive program, management education projects, and women's business program	2000	TBD by new activity	NA
	2001	TBD	NA
	2002	TBD	NA
Comments: Although the current projects creating or developing business centers will end in 2000, support to business service providers in Ukraine will continue. The indicator is likely to continue with modification, but targets will be established after the new activity is awarded			

Performance Data Table

Objective Name: Accelerated development and growth of private enterprises			
SO 1.3c Name: Expanded role of small and medium enterprises in national economy			
Objective ID: 121-013-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: Legal, regulatory and political environment more conducive to business development			
Indicator: Licensing and registration system is simplified			
Unit of Measure: number of days spent on completing (a) registration processes and (b) licensing	Year	Planned	Actual
	1997 (B)		30 35
Source: ICPS/IFC/NewBizNet Survey	1998	20	3.5
Indicator/Description: survey of owners who launched SMEs in prior year: how long it took to fully register		30	14
	1999	10 20	3.5 19
Comments:	2000	5 15	NA
	2001	5 10	NA
	2002	5 10	NA

Performance Data Table

Objective Name: Accelerated development and growth of private enterprises			
SO 1.3c: Expanded role of small and medium enterprises in national economy			
Objective ID: 121-013-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: Improved access to finance			
Indicator: Increased number of loans to SMEs			
Unit of Measure: (a) number of loans; (b) \$ amount loaned	Year	Planned	Actual
	1997 (B)	NA	0
	1998	50 \$2.5 million	22 \$1.3 million
Source: EBRD, WNISEF, Eurasia Foundation			
Indicator/Description: loans to SMEs from institutions participating in programs	1999	500 \$12.5 million	335 \$8.7 million
Comments: NGO-MFA to be implemented under BIZPRO.	2000	750 \$18.7 million	NA
	2001	TBD	NA
	2002	TBD	NA

Text for SO e

Country/Organization: USAID Ukraine

Objective ID: 121-014-01

Objective Name: A more competitive and market-responsive private financial sector

Self Assessment: On Track

Self Assessment Narrative:

Primary Link to Strategic Agency Framework: 1.1 Private Markets
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|--|--|
| <input type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Ag Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input checked="" type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input checked="" type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input checked="" type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Economic Prosperity

Primary Link to MPP Goals: Economic Development

Secondary Link to MPP Goals (optional): Global Growth and Stability

Summary of the SO:

The challenge in the financial sector is to transform a mechanistic system of a centrally-planned economy to a service-oriented sector based on market principles - capable of providing financial support to consumers and businesses. The government's role in the transformation is to develop an infrastructure that promotes safe, sound and responsive financial services and to provide the

legal and regulatory framework that will allow the sector to operate effectively and responsibly. USAID will consider its objective of a more competitive and market-responsive private financial system met when:

- 1) The financial market infrastructure is developed and warrants public confidence.
- 2) Institutions and practices are established for an open, transparent and safe securities market.
- 3) A market-oriented legal and regulatory framework is in place.

Key Results:

Assets of country's largest ten private banks increases (as a percentage of state banks) (IR 1.4.1)

Privately-owned banks made significant progress in increasing their market share. The ratio of combined total assets of privately-owned banks compared to government-owned banks increased to 82 percent, not only exceeding our target for 1999 (70 percent) but also those for 2000 and 2001 (78 percent). With the new Law On Bankruptcy in force since January 2000 and moves by the National Bank (NBU) to lower interbank rates in view of a stabilizing national currency, the outlook for more lending by the banks to support growth of businesses is improving.

Market capitalization of corporate securities traded (IR 1.4.2)

Ukrainian capital markets began the long climb upward in 1999 after the previous year's financial crisis. The market capitalization of the leading stock exchange (PFTS) rose by 123 percent to \$2.9 billion. PFTS annual share trading volumes increased over 50 percent to reach a level of \$241 million. The corporate governance portion of the capital markets program worked with 15 pilot Ukrainian enterprises to produce financial reports based on International Accounting Standards (IAS). In addition the corporate documents of the pilot enterprises were expanded to include investor rights issues. The Securities Commission expanded the transparency of the market by posting financial reports of publicly listed enterprises on the Securities Commission website (www.pio.kiev.ua). The number of self-regulating organizations (SROs) licensed by the Securities Commission reached nine in 1999. However, only three, PFTS, PARD and MFS, function as true SROs. Each of these three associations exerts discipline over the actions of its members and penalizes non-compliant members.

Supporting laws and regulations in place (IR 1.4.3)

Major progress was made in 1999. The Law on the National Bank of Ukraine was passed, and a major advance in the promotion of secured lending occurred on March 1, 1999, when the Central Registry of Movable Property was introduced. This Registry, recording pledges on movable property and tax liens, is the first nationwide electronic pledge registry in the former Soviet Union. The number of registrations during the first year of operations was double initial estimates. Of additional note, in cases filed in the last year, arbitration courts have upheld the priority rights established by law, even though the losing party was the Government. Further improvements in the legal framework occurred with the adoption of a modern bankruptcy law, which was enacted in the summer of 1999 and became effective January 1, 2000. The Law on Restoring the Solvency of the Debtor or Declaring it Bankrupt will pave the way for the financial restructuring of troubled enterprises. Strengthening the legislative framework continued to be a

focus. The draft law “On Collective Investment Institutions” passed its first reading and roundtables were held to support the draft law “On Joint Stock Companies.”

Excessive regulation is decreased allowing for more effective functioning of market systems (IR 1.4.3)

An additional constraint to growth is the substantial regulatory burden faced by Ukrainian enterprises. The GoU has adopted a coordinated deregulation strategy with the aim of reducing the invasiveness of economic regulation and increasing the transparency, consistency and effectiveness of regulatory actions. Earlier progress in this area was strengthened when the President signed a decree in January 2000, "On Introduction of a Uniform State Regulatory Policy in the Sphere of Entrepreneurship". Detailed procedures for the drafting and review of proposed regulatory acts are being developed pursuant to this policy. Legislation is being prepared on accreditation, certification, and regulatory policy to meet the requirements of the Presidential Decree, as well as of EU directives.

Performance and Prospects:

The Ukrainian banking system was able to weather the financial crisis of 1998 without collapsing, unlike the situation in Russia where many banks had to close. This was in large measure due to effective monetary and exchange rate management and by the strengthened supervisory function of the NBU. The latter was made possible in no small measure by the banks having to adopt IAS and by strengthening on-site and off-site supervision at the NBU. The introduction of IAS enabled the NBU to get a better understanding of the viability of the individual banks and led to enactment of regulations during 1999 governing formation of reserves for loan losses and strengthening of bank capital. The USAID program was designed to develop the fundamentals (bank supervision, accounting, and training) of a functional financial system, which are critical irrespective of the volatility of the economic environment. Thus, even in recent volatile times, most elements of the program were on track or exceeding expectations, allowing the banking activities to wind down this year on schedule with the expectation that they will have achieved their basic objectives.

Overall market performance has shown signs of improvement. Capital markets infrastructure and legislative development is on track. The aim for the upcoming year is to more firmly establish the institutions and practices for open, transparent and safe equity investment and to increase access to capital for Ukrainian enterprises. With USAID assistance, MFS is in the process of becoming a market institution capable of processing trades at an international standard. The MFS depository will be operational in mid-2000. Support to the Corporate Governance Task Force, SROs and Ukraine's Securities Commission will continue as long as they continue to move effectively in the direction of openness, transparency, and impartiality. The Securities Commission will initiate a restructuring program during 2000 and support will be given to help them develop the regulatory framework and improve enforcement, particularly of corporate governance and investment fund activity. A market development strategy group will be established involving members of the reformist government, the donor community, and private industry market participants. The Group will fashion a concrete action plan for capital market development for the next two–five years.

USAID will continue to support the broadening and strengthening of the legislative foundation needed by the financial and commercial sectors and the entities they serve. Key laws essential to the full functioning of the banking and financial markets should be presented to the Parliament this year. In addition, the Collateral Law activity should be successfully completed, with the Registry expanded to include leases, financial leases, and conditional sales. Regional financial restructuring pilot programs will test the efficacy of the new bankruptcy law. The enterprises restructured under these pilots will serve as a basis for a nationwide rollout. Regulatory reform will continue to be essential. By the end of FY2001, the staff of the State Committee for Regulatory Policy and Entrepreneurial Activity (SCRPEA) should be fully trained and capable of carrying out the regulatory analysis with minimal assistance. As the work of deregulation by the central government scales down, work at the regional level will intensify.

Possible Adjustments to Plans:

Although USAID's banking program is winding down on schedule, the banking sector is still far from robust -- financial intermediation, long-term lending, and public confidence in the sector are all at less than optimal levels. USAID will continue small programs in training, restructuring, and problem bank resolution. The current capital market infrastructure activity will be completed in mid-2000. However, valuable aspects of a functioning market are missing. Pressing needs exist to develop non-bank financial instruments and institutions and credit rating capacity of the market. USAID plans to propose projects in these areas.

A new commercial law activity will begin in FY2000. The "Commercial Law Information Center" will form the cornerstone of the legislative reform work, providing training to public and private sector legal professionals, technical assistance in targeted areas of legal reform, and outreach activities to promote public knowledge and debate on the state and use of commercial law. This activity will also work to strengthen indigenous capacity to provide this assistance by partnering with a Ukrainian organization.

Other Donor Programs:

USAID's work in the banking sector supports both the World Bank Financial Sector Adjustment Loan (FSAL) and the IMF Extended Fund Facility (EFF). Upgrading NBU bank supervision, passage of banking laws, developing NBU capacity to deal with problem banks, deepening the conversion to IAS are all examples of USAID activities that feature prominently in both FSAL and the EFF. Joint programs exist with EU-TACIS in bank accounting and bank restructuring. USAID's efforts in strengthening the capital markets are reinforced by the World Bank's activities through its Enterprise Development and Adjustment Loan II. In addition, the EU has initiated corporate disclosure and custodian development programs that also support the achievement of USAID's objective.

Major Contractors and Grantees:

Banking - Barents, IBTCL, Booz-Allen; Capital Markets - Financial Management International, Price Waterhouse; Legal and Regulatory Reform: Deloitte-Touche, IRIS, ARD/Checchi.

Performance Data Table

Objective Name: A more competitive and market-responsive private financial sector			
Objective ID: 121-014-01			
Approved: 12/01/1998		Country/Organization: USAID Ukraine	
Result Name: Market supportive legal system created			
Indicator: Supporting laws and regulations in place			
Unit of Measure: Number, cumulative	Year	Planned	Actual
Source: Various USAID contractors	1995	NA	0
Indicator/Description: the number of principal laws, decrees, and regulations enacted	1998	4	4
	1999	6	7
	2000	10	NA
Comments: Major legislation passed this year included: Bankruptcy Law, Law on the National Bank, and Establishment of Regulatory Methodology. Considering the status of the draft legislation now in place, targets for 2000 and 2001 have been revised upwards.	2001	14	NA
	2002	18	NA

Performance Data Table

Objective Name: A more competitive and market-responsive private financial sector			
Objective ID: 121-014-01			
Approved: 12/01/1998		Country/Organization: USAID Ukraine	
Result Name: Transparent and open securities system established			
Indicator: Market capitalization of corporate securities traded			
Unit of Measure: \$ billion	Year	Planned	Actual
Source: Various USAID contractors	1995 (B)	NA	0
Indicator/Description: The value of the securities listed on the PFTS stock exchange.	1998	4	1.3
	1999	10	2.9
	2000	15	NA
	2001	20	NA
Comments:	2002	25	NA

Performance Data Table

Objective Name: A more competitive and market-responsive private financial sector			
Objective ID: 121-014-01			
Approved: 12/01/1998		Country/Organization: USAID Ukraine	
Result Name: Market supportive legal system created			
Indicator: Excessive regulation is decreased allowing for more effective functioning of market systems			
Unit of Measure: Number, cumulative	Year	Planned	Actual
Source: State Committee for Entrepreneurship Development	1998 (B)	NA	4
	1999	50	53
Indicator/Description: The number of regulations eliminated	2000	100	NA
	2001	150	NA
	2002	150	
Comments: The formal process of deregulation began in September 1998. The methodology being used has been improved and the process for analysis and ultimate deregulation is more solidly established. In addition, a recent resolution of the Cabinet of Ministers establishes a rigorous methodology for the enactment of new regulations that will promote transparency and soundly test the basis for any new regulation.			

Performance Data Table

Objective Name: A more competitive and market-responsive private financial sector			
Objective ID: 121-014-01			
Approved: 12/01/1998		Country/Organization: USAID Ukraine	
Result Name: Market-oriented private banking sector developed			
Indicator: Total assets of ten largest private sector banks as percentage of assets of 5 former and current state-owned banks			
Unit of Measure: percentage	Year	Planned	Actual
Source: Various USAID contractors	1995 (B)	NA	35
Indicator/Description: Denominator Oschadny, Exim (Ukraine), Prominvest. Ukraina, Ukrosots Numerator: Privat, AVAL, Brokbusbank, FUIB, Slavianski, Ukrainian Credit, Finance and Credit, Ukrosyb, Nadra, Ukrinbank	1998	58	66
	1999	70	82
	2000	74	NA
	2001	78	NA
	2002	90	NA
Comments:			

Text for SO f

Country/Organization: USAID Ukraine

Objective ID: 121-015-01

Objective Name: A more economically sustainable and environmentally sound energy sector

Self Assessment: On Track

Self Assessment Narrative:

Primary Link to Strategic Agency Framework: 1.1 Private Markets
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|--|--|
| <input type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Ag Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input checked="" type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input checked="" type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input checked="" type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input checked="" type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: National Security

Primary Link to MPP Goals: Economic Development

Secondary Link to MPP Goals (optional): No Secondary Linkage

Summary of the SO:

This S.O. focuses on building a commercially viable energy sector that is energy efficient, environmentally sustainable, and decreases Ukraine's dependence on fuel imports from Russia. The key to achieving this S.O. is privatization of energy assets – especially electrical generating

and distribution companies – to strategic private investors. Successful privatization will put Ukraine's energy sector on a stronger economic foundation by bringing new capital and technology that will improve production and will provide market incentives for Ukraine to be a more efficient energy consumer. The beneficiaries in the short-run are the companies and customers of the "to be privatized" companies. In the long-run, the benefits expand to the entire country. USAID will consider this S.O. achieved when privatization of the twenty state controlled electricity and distribution companies is successful and overall energy efficiency improved.

Key Results:

In 1999, the Government of Ukraine (GoU) announced it would resume the privatization of power energy distribution companies. The GoU initial attempts on privatization of the state-owned electricity companies made in 1998 were not fully successful. This was due to the overall investment climate in Ukraine, and to the after-effects of the wholesale electricity market model adopted in 1995. USAID played a key role in helping Ukraine to understand the main reasons for this failure. The USAID-funded "Ukraine Energy Evaluation" report in July 1999 was especially critical of the implementation of the Ukraine wholesale electricity market and was widely read at the World Bank and elsewhere in Ukraine. USAID with other donors helped GoU to recommit to privatization at the new level. In addition to this the President signed the long awaited Law "On Production Sharing Agreements," which establishes the ground rules for investment in oil and gas development in Ukraine. USAID played an important role in helping to draft this law, providing assistance through an international law firm. During last two years the National Energy Regulatory Commission (NERC) has become a much more independent body, suffering less from political interference in its day-to-day affairs, especially with regard to the appointment and tenure of Commissioners. Despite many dire predictions Ukraine did not suffer significant Y2K failures. USAID funded a study of Ukraine's Y2K vulnerability in late 1999 and accurately predicted that the risk of Y2K failure was very low. However, the study did note that Ukraine's electricity grid would suffer continuing deterioration in 2000.

In mid 1999, Ukraine's SO 1.5 indicators were significantly revised to better target electricity privatization and related reforms. Four targets are discussed below.

Sound legal foundation for energy sector (SO level indicator).

Overall, USAID assistance to help Ukraine build a sound legal foundation for the energy sector is on track. This foundation is built upon three major laws: 1) wholesale electricity market law; 2) a regulatory law; and 3) a production sharing agreement law (adopted in 1999). The draft law "On the Basis of the Wholesale Electricity Market Functioning in Ukraine" and "On Natural Monopolies" passed its first reading. Hence, we are on track for passage of the laws in 2000.

Ownership and management by strategic investors (SO level indicator).

Seven electricity distribution companies are targeted for privatization to strategic investors in 2000 and 12 more in 2001. None were targeted for privatization in 1999, following suspension of the program and 7 were privatized in 1998. In August 1999, President Kuchma issued the

decree to privatize specific percentages of state controlled companies ranging from 26 percent to 50 percent. The project is implemented under the Power Sector Task Force jointly formed by the European Bank for Reconstruction and Development (EBRD) and the GoU in early 1999. This Task Force provides policy analysis and advice to the GoU on power sector reform and helps the GoU to implement structural reform. USAID has successfully steered this Task Force toward strategic privatization. One condition for EBRD funding of K2R4 atomic energy stations (AES) is the successful privatization of approximately 4 more distribution companies to strategic investors. Privatization of generation companies is now targeted for 2002 following privatization of the distribution companies.

Private ownership of electricity distribution and generation companies (IR 1.5.2.1).

Efforts are focused on increasing the percentage of private ownership of distribution and thermal generation companies. At the close of 1999, 42 percent of equity shares in distribution companies and 20 percent of generation companies were privately held. The target for private equity shares in 1999 was 40 percent and 17 percent, respectively. 40 percent is a key threshold for being able to call or cancel Board Director meetings. USAID supported the “over-the-counter” sales of the 7 already private oblennergos because it increased private holdings. USAID also supported adding 100% of the of state shares to the upcoming tender sales in order to concentrate private ownership around key thresholds (50, 60 and 75 percent). USAID’s efforts contributed to the State Property Fund becoming a strong supporter of adding the state owned shares (25 percent +1) to the tender and resulted in a draft presidential decree to approve this action. This decree is now moving through the GoU for approval.

Wide spread municipal institutional energy efficiency programs and capacity (IR1.5.3).

In municipal energy efficiency, USAID began rolling out the Alliance to Save Energy’s municipal capacity building program in L’viv to five additional Ukrainian cities. This effort is primarily focused on improving efficiency of the end-use of municipal district heating by: 1) building the capacity of local governments to implement energy efficiency programs, through demonstration projects and the dissemination of information on energy efficiency; and 2) support for the development of Energy Service Companies (ESCOs) that provide maintenance services to heating facilities. Achievements in this area are slowed by a lack of economic incentives to conserve energy and the widespread failure of many municipalities to pay heating bills.

Performance and Prospects:

Overall, achievement in this sector matches expectations. The schedule for electricity privatization in Ukraine is proceeding at a measured pace. Ukraine is expected to select an investment bank in April 2000 and issue tenders for sale of the seven companies in September. Sales closure is anticipated between December 2000 and March 2001.

This project has a very high profile within both the GoU and among international donors. The GoU is committed to selling these companies as significant revenues are assumed in the central budget and for which the International Monetary Fund (IMF) has conditioned its lending. The performance of the electricity sector is now so poor that there is a growing consensus that only

privatization can improve the situation – so long as incumbent interests can be overcome. An agreement between the EBRD and SPF to fund the retainer fee of the investment banker for the first to be privatized group was not reached. However, the GoU is proceeding ahead and not waiting for the results of continuing negotiations. USAID funding is essential for continuation of the privatization process.

Possible Adjustments to Plans:

The future of the Ukraine energy program will depend on the degree of success of privatization. For example, the effectiveness of energy efficiency programs will improve dramatically following privatization as strategic investors will increase cash collections. If privatization is successful, we recommend the Mission to re-examine the level of energy efficiency programs.

There is also an urgent need to create a program addressing fuel security, strategy and efficiency issues. This program would address critical political and economic policy issues such as fuel debts to Russia and would independently prepare fuel analyses of the issues. This would include development of alternative fuels such as coal bed methane and traditional fuels such as coal, oil, gas and the importation of a spectrum of fuels. Arguably, Ukraine's number one national security issue is fuel debts to Russia.

USAID will also begin a tariff reform program aimed at helping Ukraine to adopt and implement a tariff methodology that would allow for cost recovery in district heating.

Other Donor Programs:

The key donors are linked via the EBRD Power Sector Task Force. Its membership includes the EBRD, World Bank, European Union and G7. IMF conditionality is also coordinated with the privatization project and Task Force.

Major Contractors and Grantees:

Deloitte and Touche is the privatization advisor to the State Property Fund. The legal, regulatory and electricity market reform advisor is currently in procurement status and is anticipated to commence April 2000. The Alliance to Save Energy is active in municipal energy efficiency and global climate change. The United States Energy Association and International Institute of Education are also important contractors and grantees.

Performance Data Table

Objective Name: A more economically sustainable and environmentally sound energy sector			
Objective ID: 121-015-01			
Approved: 1999		Country/Organization: USAID Ukraine	
Result Name: A more economically sustainable and environmentally sound energy sector			
Indicator: Sound legal foundation for energy sector			
Unit of Measure: 0=no new laws; 1=one law passed; 2=2 laws passed; 3=3 laws passed; 4=all laws implemented and operating well	Year	Planned	Actual
	1998 (B)		0
	1999	1	1
	2000	2	NA
	2001	3	NA
Source: Ukrainian law	2002	4	NA
Indicator/Description: Passage of effective legislation: a) wholesale electricity market law; b) regulatory law for major regulatory agencies; c) production sharing agreement			
Comments:			

Performance Data Table

Objective Name: A more economically sustainable and environmentally sound energy sector			
Objective ID: 121-015-01			
Approved: 1999		Country/Organization: USAID Ukraine	
Result Name: A more economically sustainable and environmentally sound energy sector			
Indicator: Ownership and management by strategic investors			
Unit of Measure: number	Year	Planned	Actual
Source: Deloitte & Touche	1998(B)		a) 0
Indicator/Description: a) The number of distribution companies majority owned or managed by strategic investors; b) The number of generation companies majority owned or managed by strategic investors			b) 0
	1999	a) 0 b) 0	a) 0 b) 0
	2000	a) 7 b) 0	NA
	2001	a) 20 b) 1	NA
Comments:	2002	a) 27 b) 2	NA

Performance Data Table

Objective Name: A more economically sustainable and environmentally sound energy sector			
Objective ID: 121-015-01			
Approved: 1999		Country/Organization: USAID Ukraine	
Result Name: IR 1.5.2.1 Effective privatization and financing of energy companies			
Indicator: Private (i.e., non-Ukrainian government) ownership of electricity distribution and generation companies			
Unit of Measure: percent of all companies shares	Year	Planned	Actual
Source: SPF and Stock Exchange	1998 (B)		a) 38 b) 17
Indicator/Description: Number of shares privately held versus state held shares in a) distribution companies and; b) thermal generation companies.	1999	a) 40 b) 17	a) 42 b) 20
	2000	a) 48 b) 17	NA
Comments: President Kuchma has promulgated a decree outlining goals for the achievement of privatization of state-owned companies. These goals range from 26 to 50 percent private ownership.	2001	a) 66 b) 24	NA
	2002	a) 76 b) 34	NA

Performance Data Table

Objective Name: A more economically sustainable and environmentally sound energy sector			
Objective ID: 121-015-01			
Approved: 1999		Country/Organization: USAID Ukraine	
Result Name: IR 1.5.3 More efficient and effective utilization of energy			
Indicator: Wide spread municipal institutional energy efficiency programs and capacity			
Unit of Measure: number of cities	Year	Planned	Actual
Source: Alliance to Save Energy	1998(B)		0
Indicator/Description: the number of municipalities meaningfully (e.g., with dedicated city employees) involved in energy efficiency regional networks, NGO development and related support and institutional capacity building	1999	1	1
	2000	4	NA
	2001	9	NA
	2002	20	NA
Comments:			

Text for SO g

Country/Organization: USAID/Kiev

Objective ID: 121-016-01

Objective Name: Increased Environmental Management Capacity to Promote Sustainable Development

Self Assessment: On Track

Self Assessment Narrative: FY 1999 was a year of transition to a revised SO 1.6 with a new results framework. As the fiscal year began, the four-year, \$14 million Environmental Policy and Technology (EPT) Project came to an end. This activity had accounted for almost all results on environmental policy (IR 1.6.1), management (IR 1.6.3), and investment (IR 1.6.2.). In FY 1999, SO 1.6 activities focused on evaluation and assessment, project design and development, and new initiatives such as the Climate Change Initiative, the Local Environmental Action Program, and the EcoLinks program.

Primary Link to Agency Strategic Framework: 1.1 Private Markets
(please select only one) 7.3 Commitment to Sustainable Dvlpmnt Assured

Secondary Link to Agency Strategic Framework:
(select as many as you require)

- | | |
|--|--|
| <input type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Ag Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input checked="" type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input checked="" type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input checked="" type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input checked="" type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input checked="" type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input checked="" type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Global Issues: Environment, Population, Health

Primary Link to MPP Goals: Environment

Secondary Link to MPP Goals (optional): Economic Development

Summary of the SO:

Ukraine faces severe environmental degradation from energy intensive, inefficient, and unregulated industrial development carried out under the former Soviet Union's centrally planned economy. The first steps toward sustainable development in Ukraine require reform of environmental policies and their integration with economic development policies in order to account for the external costs of pollution and loss of natural resources. For Ukraine, these measures will encourage demand side management and investment in environmentally sound technologies. Therefore, the Mission has established "the integration of environment and economic policies" as an indicator for the SO-level result.

As Ukraine moves toward integration within the community of Europe and the global economy, it will need to implement environmental policies that are in harmony with internationally recognized principles of sustainable development. At the same time, policies need to be effective in reducing environmental risk at the local level without undermining economic development. Therefore, the Mission has established two indicators to measure progress toward this result: "compliance with international treaties" and "adoption of local environmental action programs."

In order to implement policies toward sustainable development, Ukraine will need to increase environmental investment through the use of economic instruments, loans, and private investment as well as through innovative methods of financing such as market transactions in greenhouse gas emissions. In the absence of investment, steps toward sustainable development still are possible provided that environmental management can be improved at facilities through low-cost changes in management or production processes. Raising awareness of facility managers, workers, and the local community will assist in reducing waste, pollution, and costs.

Environmental activism continues to be an important arena for democracy building in Ukraine. Participation of citizens and environmental NGOs is needed if policy reform is to be effective. Increased environmental investment is unlikely without increased public influence on decision-makers. Environmental management improvements also are likely to be achieved if citizens and NGOs are empowered to advocate effectively at local and national levels.

Key Results:

Ukraine's signing of the Kyoto Protocol to the UN Framework Convention on Climate Change (UNFCCC), the formation of an Inter-Ministerial Committee for the Implementation of the UNFCCC, the timely submission of its National Communication to the UNFCCC Secretariat, and its election to the Vice Presidency of the Conference of Parties signalled Ukraine's active participation in the international response to global climate change. These results were achieved with assistance from the USAID Climate Change Initiative that sponsored workshops, training courses, and technical assistance and the travel of Ukrainian officials to international meetings. USAID assistance was responsible for keeping Ukraine and the United States closely aligned on key issues in the international negotiating process by supporting Ukraine's participation in the Umbrella Group and other meetings of international experts. USAID led the inter-agency process that developed strategic directions for bilateral cooperation and USAID supported two meetings of the Sub-Group on Climate Change under the Bi-National Commission. The culmination of

the past year's successful bilateral cooperation was the signing of the Memorandum of Intent Between the U.S. and Ukraine for Cooperation on Global Climate Change. Because this agreement was signed by the Government of Ukraine rather than the Ministry of Ecology and Natural Resources, it is an indicator that the USAID CCI may result in increased integration of environment and economic policies as Ukraine implements its national climate change program through the Inter-Ministerial Committee .

Ukraine's ratification of the UNECE Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters (the Aarhus Convention) was a key result that provides USAID with an even greater opportunity to strengthen civil society through environmental activities. The signing of the agreement to establish the Regional Environmental Center by Vice President Gore and President Kuchma was an important result that paves the way for assistance to NGOs and local authorities to raise environmental awareness and increase incidents of citizen environmental activism.

The USAID-funded demonstration of "western" methods of environmental assessment (known in Europe as Environmental Impact Assessment or EIA) was an important result toward Ukraine's development of internationally consistent and locally effective environmental policies. Working with Ukrnafta (Ukraine Oil) and the Nadvirna Oil Company, as project developers, and Oblast authorities and the public in the Ivano-Frankivsk Oblast, this project demonstrated that U.S. methods of public participation and alternatives analysis are applicable in Ukraine. The EIA demonstrated the technical alternatives analysis necessary for authorities to determine the most environmentally sound approach for oil well development. In addition to this practical assistance, this activity assembled a group of experts to develop recommendations for changes to Ukrainian EIA legislation and regulations to be consistent with international standards. The Rada, the Ministry of Ecology and Natural Resources, and Ukrainian NGOs recognized the EIA demonstration as a successful model for public participation.

USAID started laying the foundation for the Local Environmental Action Program (LEAP) in FY 1999 by reaching out to over 5,000 local communities, NGOs, and local businesses through a series of four newsletters -- Chysta Hata (Clean Hut). The newsletter spotlighted local environmental projects in Ukraine and disseminated success stories from other countries in the region. For many communities, this is the only environmental publication that they receive in Ukrainian and it is posted prominently on school bulletin boards and other public places. In FY 2000, this activity will distribute four additional newsletters, hold two workshops, and award \$20,000 in small grants to assist communities in solving specific environmental problems. This activity resulted in increased citizen activism and is preparing communities to participate in the 3-year LEAP that will begin in FY 2000.

The USAID Rule of Law Program support to ABA/CEELI Environmental Public Advocacy Centers (EPACs) resulted in over 25 successful court cases and legal actions to improve enforcement of Ukraine's environmental laws and regulations. This activity assists Ukraine in adopting internationally recognized standards for public participation, access to information and access to justice in environmental matters as called for under the Aarhus Convention.

USAID energy activities resulted in increased environmental investment. DOE/Pacific Northwest National Laboratory (PNNL) and ARENA-Eco succeeded in obtaining \$3 million in financing from the West NIS Enterprise Funds for energy efficiency investments at the Gostomel Glass Plant. ARENA-Eco's assistance to the City of Kyiv also was instrumental in obtaining \$30 million in World Bank funding for improvements to municipal and educational buildings.

Performance and Prospects:

The Climate Change Initiative (CCI) has been on track in assisting Ukraine to establish a national administrative structure, develop a national inventory, build consensus for action, and prepare projects for investment in greenhouse gas reduction. The restructuring of the Ministry of Ecology and Natural Resources and the slow pace in appointing deputy ministers throughout the government has caused some delay in reactivating the Inter-Ministerial Committee on Climate Change. Nevertheless, the CCI has made progress at working levels within the Ministry of Ecology and the Ministry of Fuels and Energy. The CCI has enlisted the help of the Secretariat of the Cabinet of Ministers in bringing these ministries and the Ministry of Economy together to reach consensus on how this inter-ministerial process can be managed. Some of the greatest strides have been made in increasing public awareness among the NGO community and in establishing close cooperation with other donors, especially Canada. USAID will launch new activities in FY 2000 at the municipal level with co-financing from the UNECE that focus on energy efficiency investments in district heating, municipal lighting and hospitals. The resources requested in FY 2001 will enable the Mission to complete the establishment of administrative structures and the development of the necessary technical methodologies for Ukraine to conduct its national GHG emissions inventory. These resources are essential if the Mission is to succeed in developing additional investment projects and in institutionalizing the climate change training program. The CCI is expected to achieve results through training and technical assistance for managers at power plants, industrial boilers, district heating plants and at coal mines. The CCI also will establish an Industrial Council to raise awareness among facility managers about the importance of greenhouse gas emissions reductions.

USAID design and implementation of the LEAP is on track. The RFP will be issued by mid-May and activities are expected to begin before the end of the current FY. FY 2000 provided the first tranche of funds for the LEAP. These funds will enable the contractor to initiate six community demonstration projects, provide training to local project managers, begin development of LEAP guidelines, and identify potential centers of excellence. The FY 2001 and FY 2002 funds requested will be used to pay the mortgage on this 3-year activity. The six local demonstrations will take from 18 to 24 months to complete, but should be finished in time to report results at the 2002 Environment for Europe Ministerial Conference. The LEAP guidelines will be developed in FY 2001 and in FY 2002 USAID will focus on strengthening centers of excellence to enable Ukrainian communities to replicate the LEAP after USAID assistance ends.

Possible Adjustments to Plans:

USAID anticipates that the upcoming "Environment for Europe" Ministerial Conference that Ukraine will host in September 2002 will provide unprecedented opportunities for USAID to achieve results at the SO level. The impending Conference will provide a unique incentive for the GOU to initiate measures to integrate environment and economic policies. The Environment for Europe process has been carried out under the UN Economic Commission for Europe

(UNECE) since 1991 and its major objective has been to develop National Environmental Action Programs (NEAPs) that promote policy reform, increase management capacity and encourage investment. Although the GOU and Rada approved the "Principal Directions of State Policy of Ukraine in Environmental Protection, Use of Natural Resources, and Ensuring Environmental Safety", they have not approved Ukraine's National Environmental Action Program.

Ukraine has asked the U.S. to help prepare for the Conference and to assist in achieving results under the Environment for Europe framework. Subject to the availability of performance funds in FY 2001, USAID proposes to conduct a multi-year activity to promote environmental policy reform and to assist Ukraine in approving a NEAP before the September 2002 Conference. This activity will promote an open and transparent process of policy development, involving citizen and NGO participation. It will build upon the former Program to Promote Sustainable Development and will involve the new Regional Environmental Center in its implementation.

Other Donor Programs:

1. EU/TACIS: Black Sea Program; Awareness and Media; Widening EAP to NIS; Regional Environmental Centers in NIS; Strengthening the Environmental Inspectorate of Ukraine; Danube Early Warning System; Danube Basin Management; Bug, Latoritza and Uzh Rivers Water Quality Assessment; Biological and Landscape Diversity on Romanian and Ukrainian Border; Kharkiv Industrial Waste Management; Marioupol Water and Wastewater.
2. EBRD: Sevastopol Vodokanal; 5-8 loans for municipal district heating; 6-8 loans to municipal water utilities in medium-sized cities; Kharkiv Solid Waste Management.
3. World Bank: GEF Danube Delta Biodiversity; IDF Environmental Policy Development in Ukraine; GEF Phase-out of Ozone Depleting Substances.
4. UNDP: Energy Efficiency in District Heating; Black Sea Nutrient Reduction; Dnipro Basin .
5. UNECE: Regional Energy Efficiency Project for Climate Change Mitigation.
6. USEPA: GHG Emissions Inventory demonstration; Emissions Trading of Regulated Air Pollutants; Environmental Financing; Regional Environmental Center/Kyiv; Mariupol LEAP.
7. Netherlands: pilot project on Joint Implementation, support to NGOs.
8. Denmark: policy development for establishing a national environmental fund.
9. UK: Environmental Impact Assessment Center in Kharkiv.

Major Contractors and Grantees:

Haigler Bailly Services, Inc.;
UNDP;
UN Foundation;
ISAR/Yednannia;
Environmental Research Institute of Michigan (ERIM);
U.S. EPA

Performance Data Table

Objective Name: Increased environmental management capacity to promote sustainable development			
Objective ID: 121-016-01			
Approved: 12/01/1998		Country/Organization: USAID Ukraine	
Result Name: 1.6.1: Implementation of internationally consistent, locally effective environmental policies			
Indicator: Compliance with international treaties and agreements			
Unit of Measure: Number above baseline level	Year	Planned	Actual
Source: MENR Annual State of the Environment Report,	1999(B)	NA	14
CCI, EIA, LEAP, REC reports	2000	16	
Indicator/Description: Actions taken by Ukraine to implement 15 international treaties and agreements	2001	19	
	2002	19	
Comments: This result combines three previous sub-results: 1.6.1.1: "Increased adherence of GOU to international environmental treaties;" 1.6.1.2: "More internationally consistent, cost effective, and locally effective environmental regulations;" and 1.6.1.3: "Increased use of market based tools to achieve environmental objectives." (Although not reported in the R4, the Mission also is targeting and measuring the number of local environmental action plans adopted.) The baseline was established by identifying actions reported in the MENR Annual State of the Environment Report on the implementation of international agreements. In 1998, the report addressed 8 actions concerning 12 agreements. In 1999, 14 actions were identified concerning 15 agreements. 1999 will serve as the baseline year and future targets will be measured (using the same 15 agreements) by the number of actions taken above the baseline level that are attributable to USAID-funded activities.			

Performance Data Table

Objective Name: Increased environmental management capacity to promote sustainable development			
Objective ID: 121-016-01			
Approved: 12/01/1998		Country/Organization: USAID Ukraine	
Result Name: 1.6.3: Improved environmental management at private and public facilities			
Indicator: Facilities developing and implementing environmental management plans			
Unit of Measure: number of facilities	Year	Planned	Actual
Source: EcoLinks, CCI, LEAP	1999	NA	NA
Indicator/Description: Facilities adopting a change in operating procedures or production process for environmental benefit	2000(B)		
	2001		
	2002		
Comments: The indicator for this IR was revised for FY2000. Although the IR continues to focus on improved management at facilities, the new indicator no longer measures the demonstration of low-cost technologies and equipment. Because installation of equipment requires an investment, the SO Team has determined that as an indicator, it is captured under IR 1.6.2 "increased investment." Beginning with this report, increased management capacity will have as its indicator changes in operating procedures or the production process. These changes can be accomplished with or without investment in new technologies. Furthermore, this revision recognizes that the current economic situation in Ukraine is not conducive to investment. Nevertheless, local actions are needed to reduce pollution and increase energy efficiency. Because the CCI and LEAP both are new activities in FY 1999, FY 2000 will be used to establish the baseline. As noted in the narrative report, all other SO 1.6 activities that addressed this result terminated at the end of FY 1998.			

Performance Data Table

Objective Name: Increased environmental management capacity to promote sustainable development				
Objective ID: 121-016-01				
Approved: 12/01/1998		Country/Organization: USAID Ukraine		
Result Name: 1.6.4: Increased empowerment of citizens to affect environmental decision-making				
Indicator: Incidents of citizen environmental activism				
Unit of Measure: Number of incidents above the baseline level		Year	Planned	Actual
		1999(B)		29
Source: ISAR, ABA/CEELI, REC, EPA		2000	41	
Indicator/Description: Initiatives taken by private citizens or NGOs to influence environmental decisions		2001	41	
		2002	45	
Comments: The indicator for this IR was revised for FY2000. The previous indicator was measured in terms of whether one single NGO, Yednannia, continued to operate without USAID assistance. This NGO has been able to obtain financing from other sources for its operations, but it is not accurate to say that this result has been achieved. Therefore, the SO Team has decided to measure the incidents of citizen environmental activism as an indicator of increased citizen empowerment to affect decision-making. The baseline was established by the number of successful court cases and legal actions supported by the ABA/CEELI EPACs plus the EPA EIA demonstration project.				

Performance Data Table

Objective Name: Increased environmental management capacity to promote sustainable development			
Objective ID: 121-016-01			
Approved: 12/01/1998		Country/Organization: USAID Ukraine	
Result Name: 1.6: Increased environmental management capacity to promote sustainable development			
Indicator: Integration of environment and economic policies			
Unit of Measure: Number above the baseline level	Year	Planned	Actual
Source: MENR Annual State of the Environment Report	1998(B)	NA	15
Indicator/Description: Policy reforms submitted or adopted, or administrative actions taken	1999	NA	18
	2000	17	
	2001	18	
	2002	19	
<p>Comments: This is a new IR at the SO-level. It is based upon the former result 1.6.1: "Strengthened policy, legal and regulatory framework for environmentally sustainable development" and it has a similar indicator. However, the source for data will be the Ministry of Ecology and Natural Resources' (MENR) Annual Report on the State of the Environment. The baseline is taken from the MENR report for 1998 in which USAID identified 15 such policy reforms or administrative actions. Since this is a new result, there was no target for 1999. The actual number of reforms and actions identified in 1999 were 18. Future targets will be measured by the number of actions and/or policy reforms above the baseline level that are attributable to USAID-funded activities. As a reference point, it should be noted that at the height of the EPT project (1997) the target for 1.6.1 was 3.</p>			

Text for SO h

Country/Organization: USAID Ukraine

Objective ID: 121-021-01

Objective Name: Increased better-informed citizens' participation in political and economic decision-making

Self Assessment: On Track

Self Assessment Narrative:

Primary Link to Agency Strategic Framework: 2.3 Politically Active Civil Society
(please select only one)

Secondary Link to Agency Strategic Framework:
(select as many as you require)

- | | |
|--|--|
| <input type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Ag Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input checked="" type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input checked="" type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input checked="" type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: National Security

Primary Link to MPP Goals: Democracy and Human Rights

Secondary Link to MPP Goals (optional): No Secondary Linkage

Summary of the SO:

This Strategic Objective encompasses key aspects of a functioning civil society, in which well-informed citizens are able to engage and participate in a transparent, accountable, and equitable political system. USAID implements this strategy through activities that support free and fair

elections, help ensure that citizens have access to a broad spectrum of information, and help citizens improve their skills and ability to participate in political life both individually and in groups.

Key Results:

Indicators currently in place do not fully capture the impact of USAID activities in this sector. They are being revised. More Ukrainians say they understand their political process better (exceeded expectations). More Ukrainians may also have access to more unbiased information (measures of exposure to non-government news sources is slightly below targets). Yet Ukrainians overwhelmingly still see themselves as powerless with respect to the state (the number of citizens who believe they could do something about an infringement of their rights by the government is well below expectations), and public decision-making is still dominated by state authorities. The presidential election of 1999 was generally fairly administered (met expectations). On the other hand, the fairness of this election contest was marred by biased media coverage and heavy-handed state campaigning for the incumbent. Moreover, during the election and afterward, critical media voices were harassed, and some local officials in areas where the voting did not favor the incumbent were removed or pressured to resign. Participation in NGOs is increasing, although not as fast as we would like (below expectations). On the other hand, during the election period, supporters of democracy became better organized and began working more closely with each other than ever before-- as shown in the unprecedented national networking by the Freedom of Choice 99 Coalition of NGOs united in favor of free and fair elections.

In fact, citizen activism during the presidential elections was the bright spot of 1999. USAID's readiness to provide grants for civic mobilization by Freedom of Choice 99 Coalition members and other NGOs helped stimulate other donors to do the same. And the work of this Coalition made a difference: Voting data show that youth turnout was generally a bit higher than during the parliamentary elections of 1998. In some spots where USAID-supported NGOs were most active, the turnout of young voters was even higher -- for example, in Odesa, where the youth vote in one region went up from 20% in 1998 to 90%. USAID-supported programs helped to train and deploy over 55,000 election monitors to be sure that officials and voters followed the rules. Although the election law did not allow independent citizen monitors, non-partisan monitors were able to register as "correspondents" for the newspaper of the Committee of Ukrainian Voters (funded through NDI and other donors). USAID support also funded some exit polling and a parallel vote count to provide independent confirmation of official results, as well as live election night and morning-after TV coverage. At the same time, central elections officials' willingness to follow technical and training advice from the International Foundation for Electoral Systems (IFES) experts helps explain why the administration of this election was basically free and fair.

There is evidence to expect that citizen activism will grow: (1) Advocacy to enforce citizen rights under environmental legislation continues to make gains (above expectations). In Odesa, for example, the city government fixed broken sewer pipes and promised a clean-up when faced with a lawsuit demanding monetary damages for flouting the law. (2) A number of reform-oriented public policy NGOs who have been supported by USAID, have become significant actors with an impact on the reform agenda. (Institute of Reforms, for example, has prepared

analyses of draft legislation at the request of the Cabinet of Ministers.) (3) The member groups of the Freedom of Choice Coalition found their cooperative experience so satisfying that many member groups resolved to continue their collaboration into the future, and are planning for nation-wide NGO work against corruption .

Key challenges include the situation with the media (Ukraine's "free media" rating on the Freedom House scale remains low). Non-state media faced increasing difficulties in providing unbiased information to the public and operating free of governmental and financial pressure in the election year, 1999. Harassment, buy-outs, and personal attacks on journalists all combined to coerce the media – especially those with a national reach -- into a subdued role. According to both domestic and foreign monitors of media performance, programming was lopsidedly partisan in favor of the incumbent; some television stations were shut down or bought out; and 25 of the 64 member stations of the Ukrainian Radio Broadcasters Association report that they received anonymous threats or were harassed by tax authorities during the campaign. Pressures on independent media continue, particularly in the cities in which the elected mayors are facing unwarranted harassment by oblast officials, tax authorities, and law enforcement bodies. While some independent media outlets in the regions are escaping such pressures, on balance this was a sobering year for defenders of free speech in Ukraine. These constraints detracted from the apparent successes otherwise of USAID programs to support free media – a three-pronged effort that works for financially independent media, technically skillful journalists, and responsible and ethical journalism.

Performance and Prospects:

After nine years of independence, the enabling environment for democracy in Ukraine is still weak, as is the commitment to reform among government leaders. Optimism about the prospects for democratization grew after the President, who was re-elected against a Communist challenger, promised “resolute reforms,” and appointed a reform-minded banker as his new Prime Minister. This optimism surged again after a fragile pro-reform coalition managed to gain a majority in Parliament and drive the leftists into opposition early in 2000. Together, the government and parliament have taken some important, symbolic first steps toward key, long-awaited democratic and market reforms. But there have been setbacks, and many obstacles remain. The difficulties faced by the reformist prime minister in his first months in office remind us that it would be unrealistic to expect either the parliament or the government to move boldly in the short term toward the full range of reforms that could free market forces, achieve transparency, or improve accountability -- especially if both legislature and executive become preoccupied with wrangles over proposed constitutional changes. Moreover, many obstacles remain to citizen empowerment. Nonetheless, it is reasonable to expect that government and parliament could become more sensitive to citizen lobbying and pressures for change -- and that such pressures should increase steadily as the country prepares for parliamentary elections in 2002.

There is plenty of evidence that political activists – especially at the local level -- are eager to do more to promote democratization and to involve citizens in governance. Some of this is related to impatience with poor government performance, inadequate resources, acute social need, and continued economic decline. Some of this is structural. Of over 240,000 elected officials below the national level, less than five per-cent have a formal party affiliation, 20% are under 30 years

of age, and two-thirds are serving their first term. Requests for training from these locally-elected officials to USAID supported groups are increasing. NDI and IRI have already sponsored some basic job-skills training seminars organized by the Ukrainian Young Deputies Association. Clearly, it seems we could do more to assist these officials learn more about how to be responsive and accountable representatives of the people.

Programs to press for democracy from below – and through elected representatives -- can play an increasingly vital role over the next few years, as Ukraine's leadership weighs the domestic benefits and risks of a more robust reform agenda. Not funding new efforts to support civil society organizations would risk losing the momentum of civic activism generated during the elections, and the organizational gains of the many participants all over Ukraine.

Possible Adjustments to Plans:

Over the next four years, USAID/Kiev will launch a new activity to support the growth and capacity of civil society organizations. This activity will assist groups that want to assert, defend, and advocate the rights of citizens, workers, and journalists; help mobilize those who want to lobby for reforms; and provide better support for individuals and groups eager to take an active part in political life. This will help ensure that the momentum of democratic activism experienced in 1999 will not be lost, and that groups such as free trade unions, as well as the many civic education and youth leadership NGOs that enlarged their spheres of action in 1999, can receive the kind of assistance and training they need to help shape Ukraine's democratic future. It is anticipated that additional resources will be needed in FY2001 and FY2002 to fund expansion of this NGO program in order to meet the need. NOTE: USAID/Kiev has drafted a revised Results Framework for this Strategic Objective in order to render this framework a better program management tool, update outdated targets, and better align intermediate results with the strategic objectives.

Other Donor Programs:

The European Union; the International Renaissance Foundation; the Embassies of the Netherlands, Canada, and Great Britain; and the United Nations Development Program were especially active in coordinated assistance activities to citizen groups during the 1999 election period. The German party institutions -- Konrad Adenauer, Friedrich Ebert, and Hanns Seidel -- work in party-building; the European Union and the United Kingdom Department for International Development (DFID) both intend to expand their existing programs of assistance to civil society activities over the next few years. USAID leads the ad hoc meeting of donors that coordinates assistance during elections, and participates in donor coordination groups for other sectors, including NGOs and independent media. USIS is implementing civic education programs under the Trans-Atlantic initiative that will bolster programs to encourage civic participation.

Major Contractors and Grantees:

International Foundation for Electoral Systems (IFES), International Republican Institute (IRI), National Democratic Institute for International Affairs (NDI), Freedom House, Internews, IREX, and Counterpart Alliance for Partnership.

Performance Data Table

Objective Name: Increased better-informed citizens' participation in political and economic decision-making			
Objective ID: 121-021-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: Increased better-informed citizens' participation in political and economic decision-making			
Indicator: Citizens understand the political process			
Unit of Measure: Percent “great deal/a fair amount”	Year	Planned	Actual
	1996 (B)	NA	17
Source: IFES annual survey of public opinion	1998	24	30
Indicator/Description: Random sample question about information respondent has about political developments in Ukraine	1999	28	41
	2000	30	
	2001	35	--
	2002	38	--
Comments: There is steady increase in the number of citizens who report that they are reasonably informed; since the targets were dropped in 1998 this indicator shows results above expectations. We suggest that we modify the targets, setting 41% for for 2000 (which would represent maintenance of attained levels), and increase the target to 50% in 2001 and 2002.			--

Performance Data Table

Objective Name: Increased better-informed citizens' participation in political and economic decision-making			
Objective ID: 121-021-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: Increased better-informed citizens' participation in political and economic decision-making			
Indicator: Citizens participate in NGOs			
Unit of Measure: Percent	Year	Planned	Actual
Source: USAID polling (Democratic Initiatives)	1996 (B)	NA	16
Indicator/Description: Random sample question about participation in non-governmental organizations	1998	22	14
	1999	25	15
	2000	28	
	2001	30	--
Comments: Participation in NGOs is increasing, but more slowly than the planned targets, and has not yet returned to the participation level reported in 1996. The targets may be unrealistic.	2002	33	--
			--

Performance Data Table

Objective Name: Increased better-informed citizens' participation in political and economic decision-making			
Objective ID: 121-021-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: Elections are free and fair			
Indicator: Rating of elections as free and fair by local and international monitors			
Unit of Measure: Yes / No	Year	Planned	Actual
Source: Reports by international and domestic monitors	1996 (B)	NA	Yes
	1998	Yes	Yes
Indicator/Description: Congruency check of poll count vs. official results, international monitor criteria	1999	Yes	Yes
	2000	NA	
	2001	NA	
Comments: While the 1999 presidential election was administered in a generally fair way, access to the media was not fair, state employees campaigned for the incumbent, and state employees were pressured to vote in their workplaces, where their choice would be more visible and hence subject to intimidation.	2002	Yes	

Performance Data Table

Objective Name: Increased better-informed citizens' participation in political and economic decision-making*			
Objective ID: 121-021-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: More unbiased public information available to citizens			
Indicator: Exposure to non-government and politically unaffiliated news sources REVISED VERSION			
Unit of Measure: Total hours per week	Year	Planned	Actual
Source: Internews	1997 (B)	NA	179
Indicator/Description: Hours of independent TV programming; selected cities (of the 30 largest cities)	1998	189*	190*
	1999	199*	194*
	2000	209*	--
	2001	TBD	--
Comments: *This table incorporates revised figures and targets for 1998 and subsequent years. Internews is now calculating this differently, counting only news programs, excluding "informational programs" and suburban areas near big cities. Using this refined method, the increase in exposure to unbiased information is below targets. For the future, Internews has agreed to devise an additional measure: a qualitative index of news content, that could allow us to track whether or not the news is diverse and objective.	2002	TBD	--

Text for SO I

Country/Organization: USAID Ukraine

Objective ID: 121-022-01

Objective Name: Legal Systems that Better Support Democratic Processes and Market Reforms

Self Assessment: On Track

Self Assessment Narrative:

Progress is mixed. One key indicator under this SO continues to disappoint -- since adoption of the Constitution in 1996, Ukraine has not adopted any new major codes and laws to replace the old Soviet-era statutes that continue to regulate almost every aspect of Ukrainian life.

Primary Link to Agency Strategic Framework: 2.1 Rule of Law/Human Rights
(please select only one)

Secondary Link to Agency Strategic Framework:
(select as many as you require)

- | | |
|--|--|
| <input type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Ag Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input checked="" type="checkbox"/> 2.3 Politically Active Civil Society |
| <input checked="" type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Democracy and Human Rights

Primary Link to MPP Goals: Economic Development

Secondary Link to MPP Goals (optional): Environment

Summary of the SO:

The importance of the legal infrastructure of a market economy that enforce contracts and make a financial system work is crucial to the success and sustainability of Ukraine's overall reform effort. Therefore, USAID efforts are designed to develop a European-oriented legal system and transform the existing political-legal culture. USAID implements this strategy through activities that have included assistance directly to the Constitutional, Supreme, and High Arbitration Courts and to members and staff of the Parliament, as well as to judges and lawyers in their individual professional roles, to judicial associations, to law schools and legal educational institutes, and to NGOs and community groups engaged in legal advocacy and fighting corruption.

Key Results:

(NOTE: Indicators currently in place do not fully capture the impact of USAID activities in this sector. To more accurately reflect a program that is within the manageable interest of USAID, the intermediate results and indicators are being revised.)

Independence of the higher courts continues. The Constitutional, Supreme, and High Arbitration Courts have all issued decisions against the executive branch that by most accounts demonstrate a high degree of independence from the executive or legislative branches. In 1999, USAID/Kyiv's primary ROL activity, the ARD/Cheechi Rule of Law Consortium ended. The activity had mixed results in achieving three broad goals – strengthening core legal institutions, framing legal substance, and helping build civil society. However, ARD/Cheechi had singular success in strengthening the most important core legal institution – the judiciary. When the activity began in 1993, the judiciary was little more than a subordinate organ of government, dominated by the executive and the legislature. USAID devoted substantial resources to a judiciary whose leadership pressed for judicial independence. Activities to bolster the effectiveness of the court system, through training of judges, technical assistance, and limited equipment purchases (e.g. computerization and access to legal databases), were key components of this endeavor. As the program ended, the judiciary had made huge strides toward becoming a truly co-equal, largely independent branch of government, asserting its rightful place in a constitutional scheme that embodies separation of powers – at least, at the higher levels.

In a second important area, the expanding supply of competent legal representation (in part through USAID-supported pro-bono legal clinics), has increased the number of NGOs in areas such as consumer rights, human rights, environment, media, and small business, involved in legal advocacy. For example, ABA-CEELI's highly successful environmental advocacy program supports a coalition of environmental NGOs that attempts to hold government accountable to environmental and public participation laws. Last year the numbers of clients receiving pro-bono consultations addressing environmental concerns exceeded the expected target of 300 - more than 430 consultations were conducted. Though this activity citizens and NGOs may use their rights under the law to hold government accountable. And the provision of pro-bono legal services continues to enlarge the availability of competent counsel to the public while it offers practical training to new young jurists.

In the area of anti-corruption, another important area not captured by the Mission's current strategic framework, the Mission's program is on-track. Community-based programs to promote government integrity and to fight corruption have been established in two cities (Lviv and

Donetsk), and are beginning in a third (Kharkiv). In Donetsk, the Mission has sponsored a Citizen's Advocacy Office (CAO). The CAO investigates complaints related to corruption. Several cases have been passed to the procurator's office in Donetsk for formal investigation under CAO monitoring. In addition, CAO lawyers have provided legal assistance to resolve others. In the coming year, this activity will be duplicated in Lviv and Kharkiv.

As for the Parliament, legislative strengthening has produced some limited results, as shown, for example, in the increasing use of committee hearings that involve representatives of the public, and in greater involvement of parliamentary committees and their expert staff in drafting important legislation such as the budget. In a significant development early in 2000, with the assistance of the Parliamentary Development Project, the Verkhovna Rada reorganized around the concept of a constructive and stable majority to support the reforms of the newly re-elected President of Ukraine. While the coalition of political parties and independent parliamentarians is still in its formative stages, this development is viewed as a step in the right direction based on the practices of parliamentary bodies in other countries. Already this group has passed several symbolically significant measures that were requested by the Council of Europe -- including abolition of the death penalty -- that raise hopes more reform legislation will be adopted soon.

Performance and Prospects:

Progress towards achieving results, however, is mixed, and expectations for further modernization of the legal system have been frustrated. Endemic corruption continues to erode confidence in legal protection. And actions by authorities at all levels that violate or bend laws for political or selfish purposes also discourage hopes that citizens can come to rely on the law to protect their rights.

In addition, Ukraine still lacks the fundamental legislation essential for economic and democratic reform, as well as certain legislation that is necessary to meet Council of Europe membership requirements. Despite many pressures from supporters of reform both inside and outside the country, Ukraine has not yet adopted the Law on the Judiciary, a new Civil Code and Code of Civil Procedure, Administrative Code and Code of Administrative Procedure, a revised Criminal Code and Code of Criminal Procedure, nor the Law on the Procuracy. The absence of a coherent post-Soviet statutory framework is a significant obstacle to continued reform. These new codes are needed to establish the role of the Government of Ukraine in the market economy and provide the legal and regulatory framework that will allow private markets to operate effectively and responsibly. However, on a more positive note, drafts are under discussion and the new parliamentary majority is working for their adoption.

Possible Adjustments to Plans:

Because Ukraine has sometimes lacked the political will to reform the government structure inherited from a communist system, there has been insufficient attention to the institutional infrastructure that would allow a market economy to flourish. This may pose a long-term threat to the success of Ukraine's market reform efforts. However, the appointment of a pro-reform Prime Minister and the emergence of a pro-reform coalition in Parliament early in 2000 are encouraging signs. If the Government of Ukraine continues this movement toward an accelerated pace of reform, USAID programs must be prepared to work vigorously to encourage progress. Current funding of Rule of Law activities is inadequate to do this.

USAID carried out a rule of law assessment in 1999, and is modifying its Results Framework to reflect the conclusions and recommendations of that assessment. However, until the Law on the Judiciary (which would reorganize the court systems below the national level) is passed, meaningful work can not begin at the local level. Therefore, USAID's future strategy will focus on achieving more discrete objectives in the following areas: the adoption of select laws, codes and other essential legislation; legal advocacy in support of human and environmental rights, media freedom, and other important issues; and anti-corruption. As these discrete objectives are achieved, USAID will consider a strategy aimed at impacting the court systems more comprehensively. In the next few months, indicators will be reviewed and performance data tables adjusted accordingly.

Other Donor Programs:

No other donors have contributed to the specific reported results under this SO. Although USAID continues to meet with other donors and works to coordinate assistance to the courts and Parliament, other donor activities (which are generally small compared to USAID sponsored activities) continue to be done in isolation.

Major Contractors and Grantees:

ABA/CEELI, Indiana University, and Management Systems International.

Performance Data Table

Objective Name: Legal systems that better support democratic processes and market reforms			
Objective ID: 121-022-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: Legal systems that better support democratic processes and market reforms			
Indicator: Improved Rule of Law Index			
Unit of Measure: Number on a seven point scale	Year	Planned	Actual
Source: “Nations in Transit”	1997 (B)	NA	3.75
Indicator/Description: Composite Rule of Law Scale by Freedom House	1998	3.50	4
	1999	3.50	4
	2000	3.25	
	2001	3.00	
Comments: The lower the number, the better the situation.	2002	3.00	

Performance Data Table

Objective Name: Legal systems that better support democratic processes and market reforms			
Objective ID: 121-022-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: Courts carry out their role as ascribed to them by law			
Indicator: Constitutional Court functioning independently of other branches of government			
Unit of Measure: Yes/No	Year	Planned	Actual
Source: Project Reports	1995 (B)	NA	No
Indicator/Description: Constitutional Court rules in favor of the Ombudsman and against the Executive in at least one case per year	1998	Yes	N/A
	1999	Yes	Yes
	2000	Yes	Yes
Comments: Indicator was revised in 1998 to account for the establishment of the Ombudsman. Prior to that the indicator was “ruling against the Executive”. In 1998 the Ombudsman made no request of the Constitution court.	2001	Yes	
	2002	Yes	

Performance Data Table

Objective Name: Legal systems that better support democratic processes and market reforms			
Objective ID: 121-022-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: Increased capability of judges			
Indicator: Access to current text of laws			
Unit of Measure: Number of courts	Year	Planned	Actual
Source: USAID project reports	1995 (B)	NA	0
Indicator/Description: Oblast courts of general jurisdiction and arbitration courts with access to current text of laws	1997	54	27
	1998	54	0
	1999	54	Reliable data is not available
	2000	54	
Comments: In 1998, the 27 Arbitration oblast courts had email connections with the Higher Arbitration Court. ARD/Checchi purchased computers with modems for each of the 27 oblast level courts of the General Court system in preparation for creating an email network for the General Court. But as of the end of the year the network had not been created. The email subscription of the Arbitration Court expired at the end of 1998, and was not renewed. No oblast courts had email connections in 1999. The ARD/Checchi project ended on 09/30/99.	2001	54	
	2002	54	

Performance Data Table

Objective Name: Legal systems that better support democratic processes and market reforms			
Objective ID: 121-022-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: Civil and Criminal Codes and supporting legislation meeting International standards are enacted			
Indicator: Number of target laws drafted, introduced and enacted			
Unit of Measure: Number reported on for each category of 9 target pieces of legislation	Year	Planned	Actual
	1998 (B)	NA	6
Source: USAID project reports	Drafted		3
	Introduced		1
Indicator/Description: Target laws are the Constitution, Law on the Judiciary, a new Civil Code and Code of Civil Procedure, Administrative Code and Code of Administrative Procedure, a revised Criminal Code and Code of Criminal Procedure, and the Law on the Procuracy. Drafted means that the laws have been drafted including language suggested by USAID-supported technical assistance. Introduced means formally introduced into Parliament. Enacted means enacted by the Parliament.	Enacted		
	1999		
	Drafted	8	7
	Introduced	7	7
	Enacted	5	1
	2000		
	Drafted	9	
	Introduced	9	
	Enacted	9	
	2001		
	Drafted	9	
	Introduced	9	
Comments: Numbers are cumulative in each category. Drafts exist and are being discussed and revised, but none of the major pieces of needed legal reform have actually been enacted since the Constitution was adopted in 1996.	Enacted	9	
	2002		
	Drafted	9	
	Introduced	9	
	Enacted	9	

Text for SO j

Country/Organization: USAID Ukraine

Objective ID: 121-023-01

Objective Name: More effective, responsive and accountable local government

Self Assessment: Exceeding Expectations

Self Assessment Narrative: On Track

Primary Link to Strategic Agency Framework: 2.4 Accountable Gov't Institutions
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|--|--|
| <input type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Ag Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input checked="" type="checkbox"/> 2.2 Credible Political Processes | <input checked="" type="checkbox"/> 2.3 Politically Active Civil Society |
| <input type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input checked="" type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input checked="" type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input checked="" type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input checked="" type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Democracy and Human Rights

Primary Link to MPP Goals: Democracy and Human Rights

Secondary Link to MPP Goals (optional): Economic Development

Summary of the SO:

At the heart of the transition strategy for local governments in Ukraine is the premise that democracy built from the ground up nurtures transparent, effective and accountable governance and meaningful advocacy and action on community interests. Improving the capacity of local governments to manage resources, provide services and promote economic growth, in

collaboration with the citizens, is crucial to the success and sustainability of Ukraine's overall reform effort. Assistance at the local level has not only visible impact on people's lives, but also improves public perceptions of and experience with democracy and economic reform. There is growing evidence that local governments with the capacity to exercise well-informed choices, in partnership with citizens, can solve problems, identify and maximize opportunities, narrow the gap between resources and responsibilities, improve service delivery and engage and influence the central government on policy issues important to local governments.

Key Results:

Results are exceeding expectations as targeted municipalities demonstrate improved management capacity, and their citizens work together to solve priority community problems and identify opportunities for future development. These efforts do ultimately serve the customers, the citizens, by bringing about tangible improvements in service delivery and infrastructure, as well as a more transparent city budget and accountable government.

The 40% target for an SO level indicator "number of cities using financial analysis models was exceeded by 2% (for a total of 45 cities). The most popular financial analysis model is the computerized budget Financial Analysis Model (FAM) (developed through USAID's Effective Local Government program) which provides municipalities, for the first time, with a clear picture of the current and projected state of local finances (revenues and operating and capital expenditures). Research Triangle Institute staff trained city staff on how to use FAM under both the Municipal Development Loan Fund and Community Partnerships Program activities. This USAID-funded training and software enables local authorities to manage their resources and assets more effectively, both in the short and long term. In addition, local decision-makers are able to present the local budget to citizens in an easily understandable format, thereby facilitating local government transparency, accountability, and responsiveness to the citizens. Data provided through the budget FAM has also considerably strengthened the position of the Association of Ukrainian Cities in its efforts to increase local government financial autonomy and establish a more transparent intergovernmental distribution of budget revenues.

Last year the R4 narrative discussed the percentage of cities that had developed business plans (IR 2.3.1). This year the target was 2% (or 2 cities) of the cities within the population range of 50,000 to 1 million, and the result was actually 4% (or 4 cities). It remains a good indicator of the work done primarily under the Municipal Development Loan Fund activity, but because the Fund has yet to be established by the World Bank and the Government of Ukraine, this pilot activity has not been extended. In addition, the other USAID activities that support this IR will not begin to show results until FY 2001. Therefore, rather than report on an IR that will not show much progress in the next few years, the SO 2.3 team has decided for next year to report on the current and anticipated future successes under the higher level IR 2.3.3. Institutionalized Citizen Participation. It was anticipated that 8 cities would have citizen task forces and advisory boards; however this target was exceeded by 18 cities, for a total of 26. All of the cities in the Community Partnerships Program and in the pilot Municipal Development Loan Fund have created and are using at least one type of task force or advisory body -- in economic development, communal services, strategic planning (often with various sub-groups), tourism, neighborhood issues, etc. Both local government officials and the citizens have discovered how effective these groups can be, and how beneficial they are to them and the community at large.

The performance indicator for I.R. 2.3.4 (Transparency of Government Operations Increased) is "Use of competitive bidding by municipalities." The target of 11 cities was exceeded by 2, for a total of 13. Under USAID's Urban Public Transportation Improvement project, 5 cities participated in three different tenders to choose spare parts for trolley buses, and these cities continue to use this process. In 1999-2000, 4 other cities, which benefitted from USAID training in two other projects, used competitive procurement for the first time: for equipment; for contracts to build and reconstruct existing bus stops; and to require all employees in a communal services district to compete for their old positions as private contractors, which resulted in a cost savings and better quality of service.

Improved Management of Municipal Services and Assets (I.R. 2.3.1.1) is indicated by cities with improvement in specific services. The target of 14 cities was exceeded as a result of 15 cities benefiting from technical assistance and training at the trolley bus companies, vodokanals (water utilities), and city halls. For example, as a result of trolley bus repairs with USAID-purchased spare parts under the Urban Public transportation Improvement project, 166 augmented buses were added to city fleets. The results of the Lviv Vodokanal Infrastructure Improvement Roll-out activity indicate that in 1999 Lviv's total energy savings reached 5.8 million kwh (15% of the total water consumption), Rivne saved 2.8 million kwh, and Ivano-Frankvisk saved 100,000 kwh. Lastly, three cities, Komsomolsk, Berdiansk and Kalush under the Community Partnerships Program, used various methods to improve communal services -- using private contractors for the provision of communal services, and undertaking additional measures to increase collection of payments for these services, as well as to expedite resolution of communal services problems.

Performance and Prospects:

Over the past year, the results "exceeded expectations" in 8 out of 12 indicators, with two others "on target" and two "below expectations" because of the lack of intergovernmental fiscal reform in one case, and the lack of progress in developing strategic plans under the Community Partnerships Program (CPP) in the latter case. Given that last year's S.O. 2.3 was primarily "on track," the excellent results this year indicate first, a good match between the strategic framework and the current activities and second, that local government reforms are progressing as a result of USAID-funded training and technical assistance, particularly through the Municipal Development Loan Fund activity, the CPP and the annual Strategic Planning and Budgeting courses taught to municipal managers in Poland and the U.S. Site visits by staff have given flesh to these numbers, with numerous local success stories related by local government officials and citizens.

Unfortunately, the future of local level reforms is in danger because of central government interference. For example, some of the elected mayors, including those in cities that are active in USAID-funded projects, whose communities did not support President Kuchma in the last election and/or who have serious disagreements with oblast officials, are being harassed, as are some members of the business community and media in these localities, by the state tax authorities and law enforcement agencies. Some elected mayors have been forced to resign. If USAID loses any of these major "champions" of our activities, particularly under such circumstances, it may be difficult to achieve the results we projected for in those communities.

The S.O. 2.3 team actively participated in a Participatory Evaluation of the Urban Public Transportation Improvement and Effective Local Government projects, as well as a Mission Work Group which designed the Tariff Reform and the Restructuring of Communal Service Enterprises activity. The Participatory Evaluation included program recommendations for USAID and other major stakeholders, and verified the team's decision to proceed with the 3 year Municipal Water Roll-out; the 5 year Tariff Reform activity; and the CPP 2 year extension; as well as to continue our work with the Association of Ukrainian Cities, including the development of Innovative Practices, LOGIN (if Ukraine is chosen as the country anchor) and the fostering of its training of local government officials, as part of the new Dissemination of Regional Branches activity. The new activities have been carefully designed to fit the current needs of local governments as well as to support the results framework. Our Resource Request will enhance our ability to achieve the anticipated results to a large degree.

Possible Adjustments to Plans:

As discussed in the cover memo, given the continuing evolution of the local government/municipal development program, and the strong interest in using the S.O. 2.3 Results Framework as a better management tool, the S.O. 2.3 team is in the process of refining the framework. Regarding new activities, the local government and energy teams, with the input of many others, have designed a five-year Tariff Reform and Restructuring of Communal Services Enterprises activity, focusing on both the national and local levels, to begin in FY 2000. The need for this new activity was reflected in the USAID/Ukraine strategy, and has been in the planning stages for over a year. In addition, based on the results of a NGO assessment, we will focus some efforts to assist in capacity building of NGOs that support local government reform and are resources for local governments.

Other Donor Programs:

To our knowledge, no other donors have contributed to the specific reported results under SO 2.3. Particularly in the Community Partnerships Program, the majority of the cities have had little or no Western technical assistance prior to this Program. However, through our leadership of the Municipal Development Work Group (with representatives of all the major international donors and embassies), it is clear that several are working in the same areas, though rarely in the same cities. In addition, the SO 2.3 Team Leader has continued to participate in the Government of Ukraine Work Group meetings, at the invitation of the World Bank, on the establishment of a Municipal Development Loan Fund in Ukraine. Progress is also being made regarding possible collaboration with the European Bank for Reconstruction and Development in the recently begun USAID-funded Municipal Water Roll-out activity.

Major Contractors and Grantees:

Community Partnerships Program for Training and Education: U.S.-Ukraine Foundation
(Cooperative Agreement)

Municipal Water Roll-out: CH2MHILL International Services Inc. (Contract)

AUC Regional Branches Dissemination: Research Triangle Institute (Cooperative Agreement)

Regional Networking and Innovative Practices: International City/County Management
Association (Contract)

Tariff Reform and Restructuring of Communal Services Enterprises: TBD

Performance Data Table

Objective Name: More effective, responsive and accountable local government			
Objective ID: 121-023-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: More effective, responsive and accountable local government			
Indicator: Cities using financial analysis models			
Unit of Measure: percentage of cities in population range (50k - 1,000,000)	Year	Planned	Actual
	1995 (B)	NA	0
Source: Project reports from contractors/grantees	1998	35%	30%
	1999	40%	42%
Indicator/Description: Cities using USAID - recognized financial analysis models	2000	45%	
	2001	50%	
	2002	54%	
Comments: USAID-funded contractors and grantees, RTI and CH2MHILL, are the only ones training city officials in financial analysis models. There are 108 cities in the population range between 50k and 1,000,000. Currently 45 cities are using the budget FAM in its entirety, or are using elements of the budget FAM, or are using daily cash flow models developed as an addition to the FAM.			

Performance Data Table

Objective Name: More effective, responsive and accountable local government			
Objective ID: 121-023-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: Improved management			
Indicator: Cities with a municipal business plan			
Unit of Measure: percentage of cities in population range (there are 108 cities between 50k - 1,000,000)	Year	Planned	Actual
	1998 (B)	NA	0
	1999	2%	4%
	2000	4%	
	2001	6%	
Source: Project reports from contractors/grantees	2002	8%	
Indicator/Description: a strategic document about the future development of the local government and the actions that need to be taken, including an investment program and financial plan			
Comments: Each of the two cities involved in the pilot Municipal Development Loan Fund activity developed two business plans for water and heating infrastructure projects to qualify for loans from international financial institutions. The Lviv vodokanal also developed a business plan (and a World Bank loan is pending), and Kharkiv developed one for a commercial parking system.			

Performance Data Table

Objective Name: More effective, responsive and accountable local government			
Objective ID: 121-023-01			
Approved: 12/01/1998		Country/Organization: USAID Ukraine	
Result Name: Management of municipal services and assets improved			
Indicator: Cities with improvements in specific services			
Unit of Measure: number of cities	Year	Planned	Actual
Source: Project reports from contractors/grantees	1997(B)	NA	10
	1998	12	12
Indicator/Description: Municipalities that participate in SO 2.3-funded activities and have improvements in specific services (e.g. water, heat, transportation, public housing).	1999	14	15
	2000	16	
	2001	18	
	2002	20	
Comments: Vodokanals in three cities achieved considerable energy savings. Three other cities improved communal services in several ways; the genesis of two of these improvements were from two mayors who participated in study tours to the U.S., under the auspices of U.S.I.A., as recommended by USAID.			

Performance Data Table

Objective Name: More effective, responsive and accountable local government			
Objective ID: 121-023-01			
Approved: 06/01/1996		Country/Organization: USAID Ukraine	
Result Name: Transparency of government operations increased.			
Indicator: Use of competitive bidding by municipalities			
Unit of Measure: cumulative # of municipalities	Year	Planned	Actual
Source: Project reports from contractors/grantees	1997(B)	NA	0
	1998	5	9
Indicator/Description: Municipalities that participate in SO 2.3-funded activities.	1999	11	13
	2000	15	
	2001	17	
Comments: Khmelnytsky, Ivano-Frankivsk, Kalush and Komsomolsk introduced competitive procurement in their cities in varying ways.	2002	20	

Text for SO k

Country/Organization: USAID Ukraine

Objective ID: 121-032-01

Objective Name: Improved Health Care Service Delivery

Self Assessment: On Track

Self Assessment Narrative:

Primary Link to Strategic Agency Framework:
(please select only one)

1.1 Private Markets
7.3 Commitment to Sustainable Dvlpmt Assured

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|--|--|
| <input type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Ag Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input checked="" type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input checked="" type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input checked="" type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input checked="" type="checkbox"/> 4.4 HIV/AIDS | <input checked="" type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input checked="" type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input checked="" type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input checked="" type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input checked="" type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Global Issues: Environment, Population, Health

Primary Link to MPP Goals: Environment

Secondary Link to MPP Goals (optional): No Secondary Linkage

Summary of the SO:

In 1998, the first USAID/Kiev health strategy for Ukraine was formulated. A Results Framework and Indicators were developed. The new Strategic Objective 3.2 seeks to reverse the decline of the health status of Ukrainian citizens by addressing significant health issues through the provision of assistance in the implementation of several Ukrainian health care system reforms in

order to make the existing system more efficient, affordable, and educational. We seek to accomplish this partially through the paradigm of shifting the provision of health care to its lowest echelon- the primary health care clinic. Given the current economic constraints, it behooves us to increase the capacity of the current government-controlled health system into a sustainable sector capable of meeting the overall needs of the population through: (1) increasing the capacity of the primary care system to provide services; (2) supporting legislative and policy reforms supportive of primary health care at all levels of government; and (3) assist in enhanced and expanded analytic capacity for disease control and rational health care management.

In addition, the Strategy focuses on the decline of Ukrainian health as measured by the decrease in life expectancy caused by a myriad of poor health decisions and an increasing morbidity and mortality from two emerging public health dangers: tuberculosis and HIV/AIDS.

Key Results:

The AIHA Health Partnerships Program has established a sound infrastructure (professional training, medical supplies, medical equipment, and upgraded facilities) on which to launch formally their primary health care programs in the fall of 2000. The Indicator “Clinics focused on primary health/family medicine” takes into account both the number of primary health/family medicine clinics, which AIHA supports and the number of similar clinics being opened by the Government or by the private sector some with previous USAID assistance. For the latter, there have been 25 clinics focusing on primary health/family medicine operating in 1999. While to date there has been no clinic openings by AIHA, it is anticipated that in 2000, there will be six with further replication of their model primary health care clinics in the future. This will establish a key element of health care reform by demonstrating the feasibility of promoting community-based primary health care to meet health care needs.

The Chornobyl Children’s Illness Program has established four clinics for screening thyroid tumors and psychosocial problems secondary to the Chornobyl accident in 1986. Teams have been trained, equipment installed, and a referral system established. These cancer-screening programs currently cover the six most contaminated by radioactivity districts, and are essential elements of primary health care. This permits the early detection of tumors, at their most treatable stages. To date, over five thousand children have been screened. Breast cancer mammography screening programs provide breast health services in four regions being introduced by PATH and AIHA. Due to the program’s emphasis on clinical breast examination, breast health screening activities, in general, has been enhanced nation-wide. The Indicator “Cancer screening programs operate on a regular basis” has been exceeded with nine new screening series.

The Health Information Systems and Management Reform (HIS) Program has been an unqualified success in three pilot Oblasts. From it an effective management tool has been developed to monitor vaccine use and immunization data in vaccination campaigns. This management tool is now being rolled out to every Oblast. The Indicator used to track this is “Oblast Health Information & Surveillance System Implemented at National Level.” Ten Oblasts will be on line at the end of April 2000 with most Oblasts functioning fully at the end of September 2000. The stated objectives of this program will be met. This management tool

developed under a USAID Cooperative Agreement will be used by the Global Alliance for Vaccinations and Immunizations (GAVI) for additional vaccinations projects in West NIS.

USAID-Kiev-funded reproductive health programs are aimed at reducing abortions as a means of contraception. The strategy includes increasing medical staff capacity and increasing the number of facilities that are capable to provide high quality updated reproductive health services. Achievement is accomplished through: Training of Trainers in Reproductive Health; Program Formulation Workshops; and Information/Education/Communication. The Indicator "Health care providers increased knowledge and skills in reproductive health and family planning" has been exceeded with 220 health professionals trained via Train-the-Trainer Programs. A recently undertaken USAID-funded nation-wide reproductive health survey will be used as a key factor in assisting the GOU to formulate a new five-year plan next year.

The Birth Defects Surveillance and Prevention Program has been established in the Rivne and Volyn Regions to ascertain increases in the number of birth defects secondary to Chernobyl. Internationally accepted definitions and procedures for data collection and analysis have been instituted. Accomplishments in two pilot regions have laid a solid foundation for future expansion establishing formally a Ukrainian National Birth Defects Surveillance System.

A small, but high impact AIHA activity has been the establishment of 12 Learning Resource Centers. They provide Internet-linkages to medical on-line sites. One of these Centers, Odessa Oblast Hospital, was named one of the top 20-visited Russian language medical sites. Such connectivity to worldwide medical literature opens up new avenues of communication and moves the concept of transparency forward.

STI/HIV/AIDS and Tuberculosis Program Development was undertaken on two fronts. A joint EU-USAID September 1999 program design team visited Ukraine to establish a program for STI/HIV/AIDS. Work will be continued in earnest in FY 2000. A World Bank visit in September 1999 set the stage for USAID developing a demonstration program to evaluate the effectiveness of the WHO Directly Observed Therapy Short course (DOTS) anti-tuberculosis strategy to arrest the spread of tuberculosis in Ukraine. Our assistance will aid the GOU as it addresses the preconditions of a projected World Bank loan for both tuberculosis and HIV/AIDS.

Preliminary efforts at health-related NGO capacity building have begun with pre-planning activities for a program in FY 2000. This broader strengthening of NGOs working in the health field will complement the capacity building undertaken previously for those engaged in HIV/AIDS.

Performance and Prospects:

Despite a number of formidable obstacles, Ukraine, with the proposed help of foreign donors and international financial institutions, e.g. World Bank, is prepared to address tentatively an agenda of health reform, arresting the spread of tuberculosis and the spread of HIV/AIDS. There has been a modest start with the administrative reform at the Ministry of Health that was proposed by the World Bank.

There has been excellent progress in most health agenda items of the Bi-national Commission. We have proactive in expansion of primary health care pilot programs; analysis of the tuberculosis situation in Ukraine and possible assistance; addressing the HIV/AIDS situation; and continuation of the National Cancer Institute's research program on the incidence and prevalence of thyroid cancer. Less progress has been made in the issues fostering the development of private sector health care; of an Information/Analytic Center within the Ministry of Health; and assistance to the newly-established Ukraine National Agency for Drug, Biomedical Products and Food Safety and Quality Control. Parenthetically, this latter institution will soon lose its autonomy and be integrated into the Ministry of Health.

A new revised Results Framework has been developed to address more accurately our multi-dimensional activities within the context of the Mission's Health Strategy. The major components of Service Delivery and Public Health Risks/Health Promotion are highlighted. The supporting components of Health Care Financing and Management and Legislative Reform permit the establishment of an environment for supporting both Service Delivery and Public Health Risks/Health Promotion. We believe that this is needed to allow us to better manage: to more accurately determine our progress and our accomplishments. Several of our current indicators being used for this R4 will be changed in the future as two highly visible activities will come on-line in FY 2000. The Intermediate Results: IR 3.2.1: Improved Health Care Service Delivery and IR 3.2.2: Reduction of Public Health Risks are currently most representative of our major efforts: both from a resource point of view and Bi-national Commission visibility.

Possible Adjustments to Plans:

There remains a high degree of flexibility to take on new activities that support our underlying health strategy. With the introduction of two major infectious disease programs: tuberculosis and STI/HIV/AIDS, we will drop two of our current indicators in favor of two new ones to better reflect these new activities. The new ones will be "A sustainable system for the implementation of the DOTS strategy is in place in selected pilot areas" and "HIV-related risk groups receive information and change risk behaviors." For this R4 we are proposing a new results framework. This newer results framework with its revised Intermediate Results will better assist us in evaluating our programs.

Other Donor Programs:

The Ministry of Health and other donors also recognize the importance of health sector reform in Ukraine. The World Bank has assisted in the implementation of an Administrative Reform Program for the GOU. This has influenced some moderate Ministry of Health restructuring. The World Bank has conditionally proposed a \$ 50-100 million loan to address two severe public health dangers: tuberculosis and HIV/AIDS. The European Union will have a joint HIV/AIDS prevention program. Not only will there be significant coordination activities, but plans are to have both components working in the same Oblasts. Other organizations actively engaged in HIV/AIDS, other than the European Union, are UNAIDS, UNFPA, UNICEF, Soros - Renaissance Fund, and Medicins sans Frontieres (Holland), World Bank, Governments of Great Britain and Canada.

Major Contractors and Grantees:

DHHS, AIHA, Counterpart, JHPIEGO, JHU/PCS, PATH, MSCI, MSH and University of South Alabama.

Performance Data Table

Objective Name: SO 3.2: Improved health care service delivery			
Objective ID: 121-032-01			
Approved: December 1998		Country/Organization: USAID/Kiev	
Result Name: Increased capacity of health care system to provide health /family medicine services			
Indicator: Clinics focused on primary health /family medicine			
Unit of Measure: Cumulative number of primary care/family medicine clinics	Year	Planned	Actual
	1998 (B)		3
Source: Oblast health Administration/MOH/AIHA quarterly monitoring reports	1999	6	25
	2000	35	N/A
	2001	50	N/A
Indicator/Description: Increase in number of clinics opened which provides family medicine services	2002	60	N/A
Comments: 1998 is start up year for primary care partnership project			

Performance Data Table

Objective Name: Improved health care service delivery			
Objective ID: 121-032-01			
Approved: 12/98		Country/Organization: USAID/Kiev	
Result Name: Provision and utilization of primary health care services improved			
Indicator: Cancer screening programs operate on a regular basis			
Unit of Measure: Cumulative number of districts (raions) where cancer screening programs operate on a regular basis	Year	Planned	Actual
	1998(B)		1
	1999	6	10
Source: MOH/PATH/CCHIP quarterly monitoring reports	2000	12	N/A
	2001	18	N/A
Indicator/Description: Thyroid and breast cancer screening programs are among essential primary health care services in radioactive contaminated areas	2002	N/A	N/A
Comments: 2000 is the end of the breast cancer program, and 2001 is the end of the thyroid cancer program. Potentially the GOU will roll-out pilot programs.			

Performance Data Table

Objective Name: Improved health care service delivery			
Objective ID: 121-032-01			
Approved: 12/98		Country/Organization: USAID/Kiev	
Result Name: Strengthened health management information systems providing data for decision making			
Indicator: Oblast Health Information & Surveillance System implemented at the national level			
Unit of Measure: Number of oblasts making regular procurement plans for EPI vaccines adequate to epidemiological situation	Year	Planned	Actual
	1998(B)		0
	1999	3	3
Source: MOH/PATH/Policy Reports	2000	20	N/A
Indicator/Description: Number of oblasts making regular procurement plans for EPI vaccines adequate to epidemiological situation	2001	N/A	N/A
	2002	N/A	N/A
Comments: September 2000 is the end of the project. Data on this indicator will not be collected after this date.			

Performance Data Table

Objective Name: Improved health care service delivery			
Objective ID: 121-032-01			
Approved: 12/98		Country/Organization: USAID/Kiev	
Result Name: Primary health care personnel better trained			
Indicator: Health care providers increased knowledge and skills in reproductive health and family planning			
Unit of Measure:	Year	Planned	Actual
Source:	1998(B)		100
Indicator/Description: Cumulative number of health professionals who are trained to provide reproductive health/family planning services in pilot communities.	1999	140	220
	2000	200	
	2001	240	
	2002	280	
Comments: Ukrainian health professionals have trained well over 200 health care workers after Training of Trainers courses. Evaluation team will determine future plan of action. The Partnership program will incorporate women's health activities into its primary care center activities.			

Text for SO I

Country/Organization: USAID Ukraine

Objective ID: 121-034-01

Objective Name: Mitigation of Adverse Social Impacts of the Transition to Market-based Democracies

Self Assessment: On Track

Self Assessment Narrative:

Primary Link to Strategic Agency Framework: 2.4 Accountable Gov't Institutions
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|--|--|
| <input checked="" type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Ag Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input checked="" type="checkbox"/> 2.2 Credible Political Processes | <input checked="" type="checkbox"/> 2.3 Politically Active Civil Society |
| <input type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input checked="" type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input checked="" type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input checked="" type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input checked="" type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input checked="" type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Democracy and Human Rights

Primary Link to MPP Goals: Democracy and Human Rights

Secondary Link to MPP Goals (optional): Humanitarian Assistance

Summary of the SO:

In the 1998 R4, this area was reported upon under the former SO 3.2. This year, and as per SECSTATE 245050, we are reporting the areas of the increase in the efficiency of the public

sector's delivery of social services, the provision of needed services to vulnerable groups by NGOs and other private organizations and the effective delivery of humanitarian assistance under SO 3.4. The OU strategy for achieving these objectives focuses on a) assisting GOU social assistance in the areas of housing subsidy and pensions; b) providing a sustainable social safety net for the especially vulnerable by working with GOU counterparts and supporting social service NGOs, and c) providing of humanitarian assistance.

Key Results:

IR 3.4.1: During the past year, USAID/Kiev has worked intensively with the GOU on issues related to the continued reform of governmental social assistance systems.

The creation of the legal basis for a reformed pension system, and on the implementation of reforms in the administrative procedures of the current state pension system is a noteworthy achievement. This work has led to significant successes in several key areas. USAID has begun to lay the groundwork for a viable pension system for Ukraine by the creation and training of an Office of the Actuary within the Pension Fund. In addition, USAID Implementing Partners have worked with our Ukrainian counterparts in the Pension Reform Task Force, which was created by the Cabinet of Ministers of Ukraine. Members of the Task Force include government officials, members of Parliament, representatives from trade unions and employers' associations, and local and foreign experts. This group has recently drafted and submitted to Parliament, fiscally viable, legally consistent, and administratively acceptable draft laws, that, if enacted, will create a three pillar pension system for Ukraine, as well as provide for fiscally sustainable increases in pension benefits in the future. In addition, a nationwide program is being implemented to "personify" reporting of wages and payroll contributions by enterprises to the Pension Fund of Ukraine. Personification of wages and tax contributions is critical for the funding of the pension system and for the determination of eventual benefits. Pensions will thus cease to be a Government entitlement, but rather reflect the contributions made by an individual during his or her participation in the labor force. Personification will also encourage more people to accurately report their wages and pay their taxes, as benefits will be linked to those contributions. In the five raions of Lviv oblast, where the initial personification program is being implemented, the number of enterprises reporting to the fund and the level of wages reported have already significantly increased. USAID intends to continue to promote and support pension reform in Ukraine through a newly competed procurement, continuing the reform of the state pay-as-you-go pension system; introducing and implementing a fully-funded, privately managed pension fund system; and establishing a mandatory second pillar pension system, with private asset management.

The administration of the housing subsidy program has dramatically improved, while administrative costs have decreased. Within the limits of present accounting systems, full cost recovery for housing and communal services have been achieved, largely due to the technical support provided by USAID consultants. The responsibility for supporting the administration of the housing subsidy program has been largely transferred from USAID contractors to the Ministry of Labor and Social Policy (MLSP). The process should be completed by May 2000. In addition training, computers, and local area networks linked by modem were installed in the housing subsidy offices. All of the above has been carried out in concert and support of a World Bank credit of \$2.6 million to fully automate the nationwide program.

IR 3.4.2: The current focus of the Social Service NGO program on youth NGOs is an important component of the USG-designed and supported Next Generation Initiative, and shows a commitment to working with the leadership of tomorrow's society in Ukraine. One of the key results in the last year has been the substantial work done in the area of HIV/AIDS and Substance Abuse prevention/rehabilitation working with NGOs on new methodologies, coalition-building and advocacy, as well as the coordination of wider-scale awareness programs implemented jointly with UNAIDS. Since 1997, approximately 2,500 representatives of 900 organizations participated in 400 training sessions targeting various subjects of NGO development. These trainings are part of a multi-faceted program that fosters continued progress in improved organizational infrastructure, diversification of financial resources, improved management planning, expanded service capacity, cross-sectoral partnerships with government and business; increased volunteerism. The decrease in the percentage of NGOs with strategic management plans reflected in the attached data table is due to the large increase of new NGOs being monitored by the program. It is important to note that the overall management capacity has steadily increased, though no data table reflects this fact. USAID also responded to the needs of organizations for networking and learning experiences through round tables, NGO exchanges and workshops. In addition to the seed grant program and the successful Corporate Challenge Grants, a new Government Challenge Grant Program was introduced, aimed at not only diversifying the resource base of NGOs, but also to encourage dialogue and cooperation between the third sector and local government. To date, 251 grants (all types) totaling \$2,588,916 have been awarded to 175 organizations. This included 25 election grants prior to the Presidential Elections, mostly involving initiatives to get out the youth vote. The ultimate beneficiaries of this program are not merely the NGO grantees, but the clients they serve and communities in which they work. USAID grantees were also quite active in the analysis and drafting of legislation on the legal and regulatory environment for all NGOs, and the new humanitarian assistance legislation.

Performance and Prospects:

Public Sector: The new targeted family assistance program was implemented much more slowly than intended because the Ministry of Finance did not increase local budgets to allow the payment of benefits. However, for 2000, USAID is collaborating with the MLSP to prepare a more comprehensive program of implementation and of unifying the program within the overall system of targeted social assistance. The GOU's combined spending on the eight benchmark social assistance programs is projected to decline from 24% of the Consolidated State Budget in 1999 to 21% in 2000 (according to the budget approved by the Supreme Rada in January 2000). This is still above the target but will reach the targeted amount if the GOU implements the program to consolidate social assistance programs (including social pensions and pension supplements) that has been recommended by USAID consultants.

Safety-net Sector: Successes to date include: the creation of a pilot information and referral system at the Kyiv Council on Aging that could potentially serve as a model for other sectors; the establishment of a youth café with Mercy Charitable Fund of the Zhytomyr region and a corporate sponsor, which sponsor a weekly debate club on topics such as safe sex relationships, family planning, youth and politics; Ozhyna, a youth club in Chernihiv that encourages community participation, volunteerism, debating, fundraising, theatrical and journalism activities among youth; Odesa Youth Parliament, a successful coalition of youth organizations, which

seeks to foster democratic changes in Ukrainian civil society by strengthening and protecting the civil rights and freedoms of youth in Odesa through various collaborative projects. In the legal sector, extensive consultations, trainings, roundtables and seminars for both NGOs and other organizations were held. After substantial efforts on the part of ICNL, the draft Civil Code was amended to include provisions on a better definition of organizational forms of NGOs as membership organizations (partnerships) and non-membership organizations (institutions), and the ability of NGOs to perform economic opportunities. A handbook on the “Legal Status Regulation of Non-Commercial Organizations of Different Countries in the World” was published. The next phase of the program includes more targeted training and technical assistance in the areas of coalition-building, advocacy, information and referral systems, and the public/media relations aspect of getting the NGO message out to the public. Emphasis will continue on NGOs dealing with youth initiatives, substance abuse prevention/rehabilitation, and HIV prevention, as well as continuing with the disabled and elderly sectors. In addition to the seed, corporate and government challenge grants programs, a recoverable grants program to support NGO-owned and operated small businesses or social enterprises is being introduced. These new grants will be complemented by social enterprise training, and continued legal consultations for NGOs. However due to the general economic situation in Ukraine, real sustainability of these organizations remains an issue. Monitoring and evaluation of grantees will remain a strong priority of the program.

HA Sector: Through the Community Humanitarian Assistance Program (CHAP), USAID supports the acquisition, delivery and distribution of needed humanitarian aid to social service NGOs and government institutions serving vulnerable populations, with a particular emphasis this past year on children/youth institutions. Most of the assistance is excess property from military bases in the US and Europe. Besides combating poverty and providing direct assistance to the above institutions, CHAP helps build the infrastructure within NGOs and government institutions by partnering with local NGOs in the distribution process, building their authority in the region and teaching them about working cooperatively with other NGOs. CHAP also provides emergency assistance, as in the latest mine disaster in Luhansk oblast. Since 1994, CHAP has responded to all major disasters that occurred in the region. In addition, CHAP provides assistance to those US PVOs that encounter problems in bringing private humanitarian aid to Ukraine. CHAP has completed major humanitarian assistance projects to 22 of 25 oblasts, and is expected to meet the goal of covering all oblasts by 2001.

Possible Adjustments to Plans:

SO 3.4 Team is in the process of revising the results framework and performance data tables to better reflect its programs. There is a need to introduce new indicators for the work in pension reform.

Other Donor Programs:

The expansion of USAID social sector programs in the area of pension reform has been achieved with a significant increase in collaboration with other international donors. USAID is working closely with the World Bank, the IMF, EU/TACIS and the British Department for International Development (DFID) on social assistance and pension reform issues. USAID coordinates closely with the UNDP, Netherlands Embassy, TACIS/EU, British Council in its NGO social sector development and HA activities.

Major Contractors and Grantees:

PADCO, Inc., Counterpart International, Counterpart Alliance for Partnership (CAP). CAP also works with other contractors on specific issues: UMREP, Freedom House, NDI and EF.

Performance Data Table

Objective Name: Mitigation of Adverse Social Impacts of the Transition to Market-based Democracies			
Objective ID: 121-034-01			
Approved: 12/01/1998		Country/Organization: USAID Ukraine	
Result Name: Financial obligations to government are met (taxes)			
Indicator: Cost recovery for housing and communal services			
Unit of Measure: % of total cost	Year	Planned	Actual
Source: Cabinet of Ministers of Ukraine	1994 (B)	NA	4
Indicator/Description: amount of cost for housing and utilities recovered by population	1998	100	80
	1999	100	75
	2000	100	NA
	2001	100	NA
Comments: The numbers decreased because of Ukrainian hrynvya devaluation in 1998-1999 and failure to reform the housing and communal services sector and tariffs	2002	100	NA

Performance Data Table

Objective Name: Mitigation of Adverse Social Impacts of the Transition to Market-based Democracies			
Objective ID: 121-034-01			
Approved: 12/01/1998		Country/Organization: USAID Ukraine	
Result Name: Improved sustainability of social benefits and services			
Indicator: Arrears and benefits payments reduced			
Unit of Measure: month	Year	Planned	Actual
Source: Consolidated State Budget; State Committee for Statistics	1997 (B)	NA	3
	1998	3	3
Indicator/Description: pensions and social benefits arrears as a percent of monthly payments	1999	3	2
	2000	2,5	NA
	2001	2,0	NA
Comments: Declining figures note improvement	2002	1,0	NA

Performance Data Table

Objective Name: Mitigation of Adverse Social Impacts of the Transition to Market-based Democracies			
Objective ID: 121-034-01			
Approved: 12/01/1998		Country/Organization: USAID Ukraine	
Result Name: Improved infrastructure and management capacity			
Indicator: NGOs have a strategic management plan			
Unit of Measure: percent of selected NGOs	Year	Planned	Actual
Source: CAP	1996 (B)	NA	15
Indicator/Description: grantee NGOs monitored before and after grant.	1998	60	73
	1999	80	62
	2000	90	NA
	2001	100	NA
Comments: Decrease in percentage due to large increase of new grantee NGOs included in monitoring . As a result, indicator does not necessarily adequately reflect overall steady improvement of infrastructure and management capacity of grantee NGOs which have been part of the program longer.	2002	100	NA

Performance Data Table

Objective Name: Mitigation of Adverse Social Impacts of the Transition to Market-based Economies			
Objective ID: 121-034-01			
Approved: 12/01/1998		Country/Organization: USAID Ukraine	
Result Name: Reduced human suffering and negative consequences of crises			
Indicator: Humanitarian assistance is delivered to needy populations			
Unit of Measure: number of oblasts	Year	Planned	Actual
Source: CHAP	1995 (B)	NA	6
Indicator/Description: oblasts in which indigenous NGOs receive major humanitarian assistance deliveries	1998	18	18
	1999	22	22
	2000	25	NA
	2001	25	NA
Comments: This indicator reflects MAJOR oblast-wide projects. It is important to note that all oblasts have received some HA, and that there is a continuing need for this assistance due to the fact that over half the population still lives below the poverty level.	2002	25	NA

Text for SO m

Special Assistance Area 4 (SAA 4)

Anti-Trafficking Initiative

Under SO 4.2, USAID has initiated a cross-cutting integrated strategy to address trafficking of Ukrainian Women. Funds are supporting media campaigns and three women's crisis centers in Donetsk, Dnipropetrovsk and Lviv through collaborative work with Winrock International and NIS-US Women's Consortium. Their programs directly address the two key factors that have greatly increased women's susceptibility to trafficking - restricted economic opportunities (through WEE project) and unreported domestic violence.

A cost extension through December 2002 will allocate additional funds to the three existing centers, in order to enable them to adjust to the increasing demand for services and training. Two additional centers will be opened to expand reach of the pilot programs and expand the impact to oblasts of a model that is reaching the target population and is forging new relationships among municipal authorities, law enforcement, women's services and women's NGOs. In addition, the cost- extension will support critical research on the more recent trends of trafficking in the region and a seed grants competition to disburse grants to Ukrainian NGOs working on anti-trafficking issues. During the first phase of the program, competitive seed grants totaling \$146,635 were disbursed to 48 organizations across 56 towns and villages.

The production and broadcast of a three-series docudrama on trafficking will be televised throughout Ukraine by the end of 2000. The goal of this activity is to reach women and girls, particularly in small towns and rural areas, who might not have access to, or be receptive to, other messages about trafficking. A Public Education Plan will be developed along with the docudrama series to assure that it can be effectively linked to other activities to promote public awareness about the issue.

Most significantly, the Anti-Trafficking Initiative has brought together the government and the third sector to address this concern through Trafficking Prevention Coordination meetings, which take place periodically. As a result of this Coordination group, the GOU formed their own Trafficking Coordination Council within the Ombudswoman's Office. In November 1999, the Cabinet of Ministers of Ukraine adopted a "Program to Combat Trafficking in Women", to foster cooperation among all government and non-government organizations in the prevention and fighting of trafficking in human beings, as well as to introduce changes to existing legislation.

Under SO 4.2, WID programs also contribute to improved health care. Health Partnerships Program is being utilized to address domestic violence against women, and to tailor health and psychological services for trafficked young women victims returning from abroad.

Global Training for Development

The Global Training for Development (GTD) project is funded by USAID and has been administered by the Academy for Educational Development (AED) since 1993. The GTD project in Western NIS (Ukraine, Moldova, Belarus) continues to provide professionals and leaders with the practical knowledge and technical skills needed to create policies, programs and institutions which will support the transition to democratic governance and free market economies. Some of the courses take place and/or include stopovers in Poland, in support of the Poland-America-Ukraine Cooperation Initiative (PAUCI).

Some of USAID's accomplishments to date are indicated below.

- Since 1993, over 3,700 Ukrainian professionals have received training in the U.S. through tailor-made courses under the NET and GTD Projects. As a result, the participants obtained professional skills needed to accomplish USAID strategic objectives.
- In FY 99 the total number of Ukrainians which GTD has assisted through the FFS (Fee-for-Service) mechanism was approximately 390, the number of trainees from Belarus which GTD has assisted through this mechanism is 18.
- The percentage of women training participants has sustained a fifty percent level in 1999 (53.3%).

Kharkiv Initiative

The Kharkiv Region of Ukraine is the industrial heart, the scientific center and the geographic cross roads of Eastern Europe. From here, one can envision the future through Kharkiv's past achievements. Unfortunately, the present is an economy overburdened by large stagnant industries and the local government leadership is without a focused viable vision for community development. The goal of the Kharkiv Initiative (KI) is to accelerate regional private economic development and to foster the creation of viable jobs by strengthening the private sector of the region's economy. To enable the creation of a favorable economic environment the Kharkiv Initiative was envisioned to provide:

- Strategic Planning Activity (SPA), which would first begin an extensive collaborative comprehensive economic assessment of the Kharkiv Region. Next, the SPA was to analyze sectors with the potential for realizable opportunity of economic growth. Finally, an implementable action plan was to be developed identifying what is to be done and by whom, by when and with what budgetary demands for success.
- A program was developed to provide "Training of Public Administrators" to understand the appropriate relationship between administrators of public policy and the need to support private business as it seeks opportunity for growth and development through investment and strategic partnerships. These activities are to be focused in two thrusts:
 1. The Governor and Mayor and their chief economic advisors were to travel to the US to meet with US counterparts, key government officials and leading businessmen to understand the requirements and interrelationship of roles played by government and the private sector.
 2. Government officials actively involved in the support of the Kharkiv Initiative were to be trained by visiting experts and by the Academy of Educational Development (AED) short-term internships within US federal, state, and community public/private business initiative offices.
- The Kharkiv Initiative Office was to provide support to Kharkiv businesses seeking information and contact with US business and it would, as well, provide information, guidance and support for the explorations of US businesspersons as they sought to develop strategic alliances with business in Kharkiv.

The activities planned to begin in 1999 were postponed, in large part, because of the political complexity and lack of the necessary political will on the part of the government of the Kharkiv Oblast. Until August of 1999, the USAID programs of the KI were developed without USAID personnel physically present in the Kharkiv Oblast. The Oblast government made a commitment to the KI in the person of an unpaid unofficial advisor to the Governor of the Oblast. This individual reviewed programs created by USAID with a clear eye toward personal interest and consequently the programs envisioned to be started and implemented in 1999 lingered. At the USG request this individual has been removed from any role in the Kharkiv Initiative and the Oblast's active involvement has been further encouraged by the involvement of the Ukraine Central government and that of the city of Kharkiv in the Kharkiv Initiative and its Working

Group. It is anticipated that these changes will accelerate the activities of the KI and the delayed activities of FY 1999 will be implemented in FY 2000.

Eurasia Foundation

In FY 1999, the IG Office embarked on an investigation of the Western NIS grant-making operation of the Eurasia Foundation, and no new grants were awarded in FY2000. During this time, new internal controls and administrative restructuring is taking place.

Through May of 1999, the Western NIS Regional Office awarded 58 awards in Ukraine through Open Door Grants for a total of \$1,828,300. Increased due diligence, internal controls and natural attrition leave approximately 12 grants with some program activity to complete.

In May 1999, in partnership with the Ukrainian Fund for the Entrepreneurship Support (UFES) and USAID, the West NIS office launched the “Small Business in Small Towns” competition. In total, 48 grant agreements were signed, however all these grants were suspended in August 1999 based on an internal review compounded by the failure of the UFES to fulfill its financial obligations.

In partnership with the C.S. Mott Foundation, the West NIS office continued support of 11 regional NGO resource centers, six of which were directly funded with USAID support. These resource centers are expected to form the infrastructure for the formation of a new West NIS grant-making program.

There was a second grant awarded under the Ukraine Housing Reform Program to Housing and Municipal Reforms Center (HMRSC) which ended in September 1999. At this time, a comprehensive evaluation of the Housing Reform Program is underway in order to determine a strategy for the third year of funding for this program.

The Economics Education and Research Consortium located at the National University of Kyiv Mohyla Academy, is a Foundation-administered Masters of Economics degree program, which includes a workshops and grants competition. This year, the program will be graduating its third class of MA students. Past graduates have been very successful in pursuing PhD in the US, as well as finding employment in both the public and private sector here in Ukraine. This program is very successful in that it builds in-country institutional capacity and provides follow-on support to its graduates, helping to place them in internships in the various Ministries, Parliamentary committees, other governmental agencies as well as international financial institutions, think tanks.

The Small Business Loan Program currently works with three partner banks to provide businesses with loans up to \$100,000 at approximately 15-18% per annum interest, with repayment terms ranging to 24 months. In FY 99, SBLP disbursed 6 loans for a total of \$316,728, and in FY 2000 one loan to date for a total of \$80,000. At the present time SBLP is active in Kyiv, Kyiv Oblast as well as Lviv Oblast.

The Media Viability Fund jointly managed by the Eurasia Foundation and the Media Development Loan Fund is currently working closely with the newspaper Express in Lviv, Ukraine and is looking for new clients that combine good journalistic practices with financial stability and transparency.

Poland-America-Ukraine Cooperation Initiative

The U.S., Ukrainian, and Polish governments signed a joint statement in October 1998 to launch a trilateral effort to facilitate the transfer of Polish experience in economic and democratic reform to Ukraine, and to support Ukraine's integration into Europe. The three governments elected to focus efforts under the Poland-America-Ukraine Cooperation Initiative (PAUCI) on macroeconomic policy, small and medium enterprise development, and local government. On March 17, 1999, the governments signed a memorandum approving a USAID plan to enter into a cooperative agreement with the Eurasia Foundation to create a Secretariat to manage grant making, project development, coordination, and information activities under PAUCI. A bridge grant to Eurasia was signed by the first week of April 1999 to facilitate a quick start-up, but ran into difficulties due to the Eurasia audit.

Since the original Scope of Work for PAUCI was signed in mid-March 1999, PAUCI has made significant progress. Despite constraints faced by Eurasia, and staffing delays in the PAUCI Secretariat, the Secretariat continued to review grants, develop PAUCI guidelines grant review and procedures and established its offices in Kyiv and Warsaw.

In the May and June, PAUCI Council members from all three countries presided at a NGO conference and press event in both Kyiv and Warsaw to present the PAUCI program and distribute guidelines to potential applicants.

The first quarterly Council meeting was held in July 1999 in Kyiv and approved the first three PAUCI-funded grants and the Senior Ukrainian Program Officer and the Director General. Cross-border activities approved in July include:

- Support for a local farmer exchange between municipalities in Crimea and the Mazowsze region in Poland. Through a series of site visits and seminars with Polish and Ukrainian local government official, agrarian business partnerships between the two regions began.
- Training for food processing representatives from both Poland and Ukraine on forming non-political professional associations, securing worker rights, developing cross-border business partnerships and working more closely with Western sources to incorporate new management tactics and marketing strategies to optimize their production.
- Seminars to present the divisions of responsibilities between local and central government in Poland and the formulation of regional policy-making for Ukraine to take into account economic and cultural difference based on Polish models of developing legislation for local self-government.

The second Council meeting, planned for December 1999, approved an additional two grants over \$50,000 and the Senior Polish Program Officer, thus completing the composition of the Secretariat, enabling the Secretariat to vote and approve grants under \$50,000.

USAID budgeted \$2,000,000 in FY 1999 funds for the PAUCI activity, and expects to make available approximately \$2,000,000 annually for the next four years. USAID will be the primary source of support for PAUCI in its initial phase. In addition, the Secretariat will seek support from additional, primarily non-governmental sources.

Additional Polish-Ukrainian cooperation through USAID/Kiev activities in FY 1999 include:

- Support for Polish advisors from the Center for Social and Economic Research (CASE) to strengthen macroeconomic policy making capacity in the National Bank of Ukraine and the Ministry of Economy.
- A partnership between the University of Minnesota, the St. Thomas Graduate School of Business, the Warsaw School of Economics and the Olsztyn University of Agriculture and Technology, to strengthen undergraduate-level business management education and continuing education for entrepreneurs in Ukraine.
- Linking the four USAID-funded regional training centers under the Community Partnerships Program with Polish experts specializing in areas identified as priorities by partnership communities.

Activities foreseen in early FY 2000 by the PAUCI Secretariat include:

- Development of a cross-border news network to increase public awareness of lessons learned during the first years of transition. The activity will also train journalists of the Polish-Ukrainian Journalists Club to continue independent coverage of issues in SME development, local government initiatives and macroeconomic policy.
- Interparliamentary roundtables on budget processing, tax system reform, legal infrastructures for business development and public administration reform.
- Training for Ukrainian administrative officials in Polish city councils.

In FY 2000, a new implementor will be selected by May 31st, as the Eurasia Foundation is no longer able to disburse grants under PAUCI. However, Eurasia continued to train the Secretariat staff in grant management and institutional capacity. To date, the Secretariat has approved fifteen grants and is working with USAID to administer direct awards to both Ukrainian and Polish institutions until a new managing entity is chosen.

R4 Part III: Resource Request

Resource Request

The USAID/Kiev budget decreased from \$105,050,000 in FY 1999 to a present level of \$78,980,000 in FY 2000 inclusive of \$8,980,000 performance funding. Although the target core budget for FY 2001 is \$78,000,000, the Mission is requesting a core budget of \$80,300,000 and if certain initiatives demonstrate success, an additional \$11,430,000 performance funds may be requested. Although the proposed budget will provide assistance in support of all strategic objectives, it will reduce or omit certain projects considered necessary by the Mission.

The fiscal reform program will be reduced under the new “Fiscal II” initiative. At the reduced funding level, it will become more difficult for the GOU to make further progress on budget and tax matters. USAID is the principal provider of assistance to the GOU in budget law, budget preparation and inter-governmental finance. These are all critical to Ukraine’s financial condition and its eligibility for IMF and World Bank loans. USAID support in tax administration is crucial to the GOU’s realization of any benefits obtained from reform of the tax system. USAID has played a key role in bringing greater fiscal awareness and accountability to the Parliament, which is generally viewed as the greatest barrier to macroeconomic reform in Ukraine. These projects will be reduced in FY 2001 and beyond unless funding is increased.

The FY 2001 budget is recommending a redesigned agriculture initiative. This will focus on land titling and liquidation of Collective Agricultural Enterprises to create multiple private farming entities; help the private sector take on the agriculture-input distribution and output-marketing vacuum created by the GOU withdrawal from direct involvement in the sector. A new initiative to privatize urban land is also being planned. This will help sell state land on which private enterprises are located, and create a secondary commercial real estate market.

A new corporate governance project will assist with enterprise restructuring and development of international accounting standards. Due to budget constraints, the project design will be substantially reduced in scope. Planned assistance to enterprises for spinning off non-productive assets and restructuring fixed assets has been deleted from the budget. This project would have increased the investment attractiveness of restructured enterprises and the spin-offs would have stimulated business development and created new jobs. The new initiative to develop small and medium enterprises (BIZPRO) will receive sufficient funding for its first year. There will also be a new project in support of establishing the formation of viable credit unions. However, the on-

going assistance for public education in support of privatization will be substantially reduced from previous funding levels.

Assistance with the provision of MBA training and establishment of a commercial law information center will replace several projects that are ending in FY 2000. The center will form the cornerstone of the legislative reform work, providing training to public and private sector legal professionals, technical assistance in targeted areas of legal reform, and outreach activities to promote public knowledge and debate on the state and use of commercial law.

The budget for the new tariff reform initiative will increase in FY 2001. This project will help adopt and implement a tariff methodology that will allow for cost recovery in district heating. A new project for energy market development is also planned. Prospective projects to promote fuel security; develop industrial energy efficiency; and establish a regional municipal energy efficiency network were dropped due to budget constraints. The local environment action program (LEAP) will be increased in FY 2001. This project provides small grants to assist communities in solving their environmental problems and has demonstrated success with increasing citizen activism.

A new initiative to support the political process is planned for FY 2001. This activity will assist groups that want to assert, defend, and advocate the rights of citizens, workers, and journalists; help mobilize those who want to lobby for reforms; and provide better support for individuals and groups eager to take an active part in political life. A new initiative to continue support for defending free speech, assisting financially independent media, and enhancing the technical skills and ethical standards among journalists is also in the budget. Assistance for support of the electoral process will continue with reduced funding in FY 2001.

The budget for the parliamentary development project will increase in FY 2001. This project provides assistance directly to the Constitutional, Supreme, and High Arbitration Courts and to members and staff of the Parliament, as well as judges and lawyers, judicial associations, law schools and legal institutes and NGOs and community groups engaged in legal advocacy and fighting corruption. The anti-corruption project that begins in FY 2000 will continue with the same level of funding in FY 2001.

Health sector initiatives started in FY 2000 will be expanded in FY 2001. These will provide more assistance with fighting the HIV/AIDs and tuberculosis epidemics. New programs in the FY 2001 budget will support occupational health; health care reform and financing; and reproductive health.

Increased funding for pension reform is planned for FY 2001. Technical assistance will continue to lay the groundwork for a viable pension system for Ukraine.

FY 2001 budgets for the Poland Ukraine American Cooperation Initiative, fighting trafficking in women, and the Kharkiv initiative will remain approximately the same.

Participant training programs will be reduced to half of FY 2000 levels. The Inspector General recommendations regarding Eurasia Foundation activities in Ukraine remain unknown at this time. Therefore, funds previously allocated for this have been deleted from the core FY 2001 budget and identified for consideration with performance funding. Proposed activities that may be considered for performance funding in FY 2001 are: public education, regulatory reform, power sector privatization, energy market development, fuel security and strategy, legal system reform, a sustainable development initiative for environmental policy, policy support for reform (UNDP), Kharkiv initiative, and the Eurasia Foundation.

Program, Workforce and OE

(in a separate folder named Country02R2b_data; print separately)

FY 2000 Budget Request by Program/Country

Fiscal Year: 2000 Program/Country: Ukraine
 Approp:
 Scenario:

S.O. # , Title		FY 2000 Request												Est. S.O. Expenditures	Est. S.O. Pipeline End of FY2000
	Bilateral/Field Spt	Total	Agri-culture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival (*)	Infectious Diseases (*)	HIV/AIDS (*)	Health Promotion (**)	Environ	D/G		
SO 1.2 Increased Soundness of Fiscal Policies/Fiscal Management Practices															
	Bilateral	4,204,696		3,363,757		840,939								4,273,941	474,882
	Field Spt	4,204,696	0	3,363,757	0	840,939	0	0	0	0	0	0	0	4,273,941	474,882
SO 1.3 Accelerated Development and Growth of Private Enterprises															
	Bilateral	32,804,145		22,962,902									3,280,415	28,504,563	7,126,141
	Field Spt	0													
		32,804,145	22,962,902	6,560,829	0	0	0	0	0	0	0	0	3,280,415	28,504,563	7,126,141
SO 1.4 A More Competitive and Market-responsive Private Financial Sector															
	Bilateral	7,036,173		7,036,173										6,621,956	1,655,489
	Field Spt	0													
		7,036,173	0	7,036,173	0	0	0	0	0	0	0	0	0	6,621,956	1,655,489
SO 1.5 Economically Sound/Environmentally Sustainable Energy System															
	Bilateral	2,694,741		1,347,371								1,347,371		3,371,363	2,247,575
	Field Spt	0													
		2,694,741	0	1,347,371	0	0	0	0	0	0	0	1,347,371	0	3,371,363	2,247,575
SO 1.6 A More Economically Sustainable Environment															
	Bilateral	1,933,446		966,723								966,723		1,553,736	1,035,824
	Field Spt	0													
		1,933,446	0	966,723	0	0	0	0	0	0	0	966,723	0	1,553,736	1,035,824
SO 2.1 Increased Citizens' Participation in Political/ Economic Decision-Making															
	Bilateral	5,768,593											5,768,593	3,509,756	2,339,837
	Field Spt	0													
		5,768,593	0	0	0	0	0	0	0	0	0	0	5,768,593	3,509,756	2,339,837
SO 2.2 Legal Systems that Support Democratic Processes and Market Reforms															
	Bilateral	2,120,439											2,120,439	1,790,983	1,193,988
	Field Spt	0													
		2,120,439	0	0	0	0	0	0	0	0	0	0	2,120,439	1,790,983	1,193,988
SO 2.3 More Effective, Responsible and Accountable Local Government															
	Bilateral	3,800,000											3,800,000	2,179,977	2,179,977
	Field Spt	0													
		3,800,000	0	0	0	0	0	0	0	0	0	0	3,800,000	2,179,977	2,179,977
SO 3.2 Increased Promotion of good Health and Access to Quality Health Care															
	Bilateral	4,262,565					1,757,565	500,000	900,000	1,105,000				1,787,437	3,319,527
	Field Spt	0													
		4,262,565	0	0	0	0	1,757,565	500,000	900,000	1,105,000	0	0	0	1,787,437	3,319,527
SO 3.4 Mitigation of Adverse Social Impacts of the Transition to Market- Based Democracies															
	Bilateral	5,265,213					5,265,213							2,312,846	3,469,269
	Field Spt	0													
		5,265,213	0	0	0	0	5,265,213	0	0	0	0	0	0	2,312,846	3,469,269
SO 4.2 Crosscutting Programs															
	Bilateral	9,089,989				0	4,544,995						4,544,995	8,936,097	4,811,745
	Field Spt	0													
		9,089,989	0	0	0	0	4,544,995	0	0	0	0	0	4,544,995	8,936,097	4,811,745
Total Bilateral		78,980,000	22,962,902	19,274,852	0	840,939	11,567,773	500,000	900,000	1,105,000	0	2,314,094	19,514,441	64,842,654	29,854,254
Total Field Support		0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL PROGRAM		78,980,000	22,962,902	19,274,852	0	840,939	11,567,773	500,000	900,000	1,105,000	0	2,314,094	19,514,441	64,842,654	29,854,254

FY 2000 Request Agency Goal Totals	
Econ Growth	42,237,754
Democracy	19,514,441
HCD	840,939
PHN	14,072,773
Environment	2,314,094
Program ICASS	0
GCC (from all Goals)	0

FY 2000 Account Distribution (DA only)	
Dev. Assist Program	76,475,000
Dev. Assist ICASS	
Dev. Assist Total:	76,475,000
CSD Program	2,505,000
CSD ICASS	
CSD Total:	2,505,000

Prepare one set of tables for each Fiscal Year (FY2000, FY2001, FY2002)

Prepare one set of tables for each appropriation Account

Tables for DA and CSD may be combined on one table.

For the DA/CSD Table, columns marked with (*) will be funded from the CSD Account. (**) Health Promotion is normally funded from the CSD Account, although amounts for Victims of War/Victims of Torture are funded from the DA/DFA Account

FY 2001 Budget Request by Program/Country

Fiscal Year: 2001 Program/Country: Ukraine
 Approp:
 Scenario:

S.O. # , Title		FY 2001 Request													Est. S.O. Expenditures	Est. S.O. Pipeline End of FY2000
	Bilateral/ Field Spt	Total	Agri-culture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival (*)	Infectious Diseases (*)	HIV/AIDS (*)	Health Promotion (**)	Environ	D/G			
SO 1.2 Increased Soundness of Fiscal Policies/Fiscal Management Practices																
	Bilateral	4,750,000		3,800,000		950,000									4,749,882	475,000
	Field Spt															
		4,750,000	0	3,800,000	0	950,000	0	0	0	0	0	0	0		4,749,882	475,000
SO 1.3 Accelerated Development and Growth of Private Enterprises																
	Bilateral	34,560,435	24,192,305	6,912,087									3,456,044		31,318,445	10,368,131
	Field Spt	0														
		34,560,435	24,192,305	6,912,087	0	0	0	0	0	0	0	0	3,456,044		31,318,445	10,368,131
SO 1.4 A More Competitive and Market-responsive Private Financial Sector																
	Bilateral	4,550,000		4,550,000											4,840,489	1,365,000
	Field Spt	0														
		4,550,000	0	4,550,000	0	0	0	0	0	0	0	0	0		4,840,489	1,365,000
SO 1.5 Economically Sound/Environmentally Sustainable Energy System																
	Bilateral	3,350,000		1,675,000								1,675,000			3,922,575	1,675,000
	Field Spt	0														
		3,350,000	0	1,675,000	0	0	0	0	0	0	0	1,675,000	0		3,922,575	1,675,000
SO 1.6 A More Economically Sustainable Environment																
	Bilateral	1,960,000		980,000								980,000			2,211,824	784,000
	Field Spt	0														
		1,960,000	0	980,000	0	0	0	0	0	0	0	980,000	0		2,211,824	784,000
SO 2.1 Increased Citizens' Participation in Political/ Economic Decision-Making																
	Bilateral	5,300,000											5,300,000		5,519,837	2,120,000
	Field Spt	0														
		5,300,000	0	0	0	0	0	0	0	0	0	0	5,300,000		5,519,837	2,120,000
SO 2.2 Legal Systems that Support Democratic Processes and Market Reforms																
	Bilateral	2,300,000											2,300,000		2,573,988	920,000
	Field Spt	0														
		2,300,000	0	0	0	0	0	0	0	0	0	0	2,300,000		2,573,988	920,000
SO 2.3 More Effective, Responsible and Accountable Local Government																
	Bilateral	4,709,393											4,709,393		4,299,203	2,590,166
	Field Spt	0														
		4,709,393	0	0	0	0	0	0	0	0	0	0	4,709,393		4,299,203	2,590,166
SO 3.2 Increased Promotion of good Health and Access to Quality Health Care																
	Bilateral	6,257,565					3,212,565		1,350,000	1,695,000					5,509,674	4,067,417
	Field Spt	0														
		6,257,565	0	0	0	0	3,212,565	0	1,350,000	1,695,000	0	0	0		5,509,674	4,067,417
SO 3.4 Mitigation of Adverse Social Impacts of the Transition to Market- Based Democracies																
	Bilateral	4,300,000					4,300,000								5,189,269	2,580,000
	Field Spt	0														
		4,300,000	0	0	0	0	4,300,000	0	0	0	0	0	0		5,189,269	2,580,000
SO 4.2 Crosscutting Programs																
	Bilateral	8,712,607				0	4,356,304						4,356,304		10,039,309	3,485,043
	Field Spt	0														
		8,712,607	0	0	0	0	4,356,304	0	0	0	0	0	4,356,304		10,039,309	3,485,043
Total Bilateral		80,750,000	24,192,305	17,917,087	0	950,000	11,868,869	0	1,350,000	1,695,000	0	2,655,000	20,121,740	80,174,497	30,429,757	
Total Field Support		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL PROGRAM		80,750,000	24,192,305	17,917,087	0	950,000	11,868,869	0	1,350,000	1,695,000	0	2,655,000	20,121,740	80,174,497	30,429,757	

FY 2001 Request Agency Goal Totals	
Econ Growth	42,109,392
Democracy	20,121,740
HCD	950,000
PHN	14,913,869
Environment	2,655,000
Program ICASS	0
GCC (from all Goals)	0

FY 2001 Account Distribution (DA only)	
Dev. Assist Program	77,705,000
Dev. Assist ICASS	
Dev. Assist Total:	77,705,000
CSD Program	3,045,000
CSD ICASS	
CSD Total:	3,045,000

Prepare one set of tables for each Fiscal Year (FY2000, FY2001, FY2002)
 Prepare one set of tables for each appropriation Account
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 For the DA/CSD Table, columns marked with (*) will be funded from the CSD Account. (**) Health Promotion is normally funded from the CSD Account, although amounts for Victims of War/Victims of Torture are funded from the DA/DFA Account

FY 2002 Budget Request by Program/Country

Fiscal Year: 2002 Program/Country: Ukraine
Approp:
Scenario:

S.O. #, Title															
FY 2002 Request															
	Bilateral/ Field Spt	Total	Agri- culture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival (*)	Infectious Diseases (*)	HIV/AIDS (*)	Health Promotion (**)	Environ	D/G	Est. S.O. Expendi- tures	Est. S.O. Pipeline End of FY2000
SO 1.2 Increased Soundness of Fiscal Policies/Fiscal Management Practices															
	Bilateral	2,650,000		2,120,000		530,000								2,595,000	530,000
	Field Spt				0	530,000	0	0	0	0	0	0	0	2,595,000	530,000
		2,650,000	0	2,120,000	0	530,000	0	0	0	0	0	0	0	2,595,000	530,000
SO 1.3 Accelerated Development and Growth of Private Enterprises															
	Bilateral	38,175,000	26,722,500	7,635,000									3,817,500	40,908,131	7,635,000
	Field Spt	0													
		38,175,000	26,722,500	7,635,000	0	0	0	0	0	0	0	0	3,817,500	40,908,131	7,635,000
SO 1.4 A More Competitive and Market-responsive Private Financial Sector															
	Bilateral	3,002,432		3,002,432										3,766,946	600,486
	Field Spt	0													
		3,002,432	0	3,002,432	0	0	0	0	0	0	0	0	0	3,766,946	600,486
SO 1.5 Economically Sound/Environmentally Sustainable Energy System															
	Bilateral	2,625,000		1,312,500								1,312,500		3,171,250	1,128,750
	Field Spt	0													
		2,625,000	0	1,312,500	0	0	0	0	0	0	0	1,312,500	0	3,171,250	1,128,750
SO 1.6 A More Economically Sustainable Environment															
	Bilateral	3,150,000		1,575,000								1,575,000		2,516,500	1,417,500
	Field Spt	0													
		3,150,000	0	1,575,000	0	0	0	0	0	0	0	1,575,000	0	2,516,500	1,417,500
SO 2.1 Increased Citizens' Participation in Political/ Economic Decision-Making															
	Bilateral	5,549,968											5,549,968	5,449,981	2,219,987
	Field Spt	0													
		5,549,968	0		0	0	0	0	0	0	0	0	5,549,968	5,449,981	2,219,987
SO 2.2 Legal Systems that Support Democratic Processes and Market Reforms															
	Bilateral	2,900,000											2,900,000	2,660,000	1,160,000
	Field Spt	0													
		2,900,000	0	0	0	0	0	0	0	0	0	0	2,900,000	2,660,000	1,160,000
SO 2.3 More Effective, Responsible and Accountable Local Government															
	Bilateral	4,430,000											4,430,000	4,805,166	2,215,000
	Field Spt	0													
		4,430,000	0	0	0	0	0	0	0	0	0	0	4,430,000	4,805,166	2,215,000
SO 3.2 Increased Promotion of good Health and Access to Quality Health Care															
	Bilateral	5,245,000					5,245,000							5,903,167	3,409,250
	Field Spt	0													
		5,245,000	0	0	0	0	5,245,000	0	0	0	0	0	0	5,903,167	3,409,250
SO 3.4 Mitigation of Adverse Social Impacts of the Transition to Market- Based Democracies															
	Bilateral	4,940,000					4,940,000							4,556,000	2,964,000
	Field Spt	0													
		4,940,000	0	0	0	0	4,940,000	0	0	0	0	0	0	4,556,000	2,964,000
SO 4.2 Crosscutting Programs															
	Bilateral	14,182,600				0	7,091,300						7,091,300	12,703,733	4,963,910
	Field Spt	0													
		14,182,600	0	0	0	0	7,091,300	0	0	0	0	0	7,091,300	12,703,733	4,963,910
Total Bilateral		86,850,000	26,722,500	15,644,932	0	530,000	17,276,300	0	0	0	0	2,887,500	23,788,768	89,035,873	28,243,884
Total Field Support		0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL PROGRAM		86,850,000	26,722,500	15,644,932	0	530,000	17,276,300	0	0	0	0	2,887,500	23,788,768	89,035,873	28,243,884

FY 2002 Request Agency Goal Totals	
Econ Growth	42,367,432
Democracy	23,788,768
HCD	530,000
PHN	17,276,300
Environment	2,887,500
Program ICASS	0
GCC (from all Goals)	0

FY 2002 Account Distribution (DA only)	
Dev. Assist Program	86,850,000
Dev. Assist ICASS	
Dev. Assist Total:	86,850,000
CSD Program	0
CSD ICASS	
CSD Total:	0

Prepare one set of tables for each Fiscal Year (FY2000, FY2001, FY2002)
Prepare one set of tables for each appropriation Account
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For the DA/CSD Table, columns marked with (*) will be funded from the CSD Account. (**) Health Promotion is normally funded from the CSD Account, although amounts for Victims of War/Victims of Torture are funded from the DA/DFA Account

Workforce Tables

Org USAID Ukraine 121 End of year On-Board								Total SO/SpO	Org. Mgmt.	Fin. Mgmt	Admin. Mgmt	Con- tract	Legal	All Other	Total Mgmt.	Total Staff
FY 2000 Estimate	SO 1	SO 2	SO 3	SO 4	SO 5	SpO1	SpO2									
OE Funded: 1/																
U.S. Direct Hire	1			1				2	2	2	1	2	1	7	15	17
Other U.S. Citizens	1			1				2			1	1	1		3	5
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN			1	1				2		16	33	3	2	9	63	65
Subtotal	2	0	1	3	0	0	0	6	2	18	35	6	4	16	81	87
Program Funded 1/																
U.S. Citizens	14	3	2	2				21		1					1	22
FSNs/TCNs	27	7	5					39			30				30	69
Subtotal	41	10	7	2	0	0	0	60	0	1	30	0	0	0	31	91
Total Direct Workforce	43	10	8	5	0	0	0	66	2	19	65	6	4	16	112	178
TAACS								0							0	0
Fellows								0							0	0
IDIs								0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL WORKFORCE	43	10	8	5	0	0	0	66	2	19	65	6	4	16	112	178

Workforce Tables

Org USAID/Ukraine End of year On-Board								Total SO/SpO	Org. Mgmt.	Fin. Mgmt	Admin. Mgmt	Con- tract	Legal	All Other	Total Mgmt.	Total Staff
FY 2001 Target	SO 1	SO 2	SO 3	SO 4	SO 5	SpO1	SpO2									
OE Funded: 1/																
U.S. Direct Hire				1				1	2	2	1	2	1	7	15	16
Other U.S. Citizens	1			1				2			1	1	1		3	5
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN			1	1				2		16	33	3	2	9	63	65
Subtotal	1	0	1	3	0	0	0	5	2	18	35	6	4	16	81	86
Program Funded 1/																
U.S. Citizens	14	3	2	2				21		1					1	22
FSNs/TCNs	27	7	5					39			30				30	69
Subtotal	41	10	7	2	0	0	0	60	0	1	30	0	0	0	31	91
Total Direct Workforce	42	10	8	5	0	0	0	65	2	19	65	6	4	16	112	177
TAACS								0							0	0
Fellows								0							0	0
IDIs								0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL WORKFORCE	42	10	8	5	0	0	0	65	2	19	65	6	4	16	112	177

Workforce Tables

Org USAID/Ukraine End of year On-Board								Total SO/SpO Staff	Org. Mgmt.	Fin. Mgmt	Admin. Mgmt	Con- tract	Legal	All Other	Total Mgmt.	Total Staff
FY 2002 Target	SO 1	SO 2	SO 3	SO 4	SO 5	SpO1	SpO2									
OE Funded: 1/																
U.S. Direct Hire				1				1	2	2	1	2	1	7	15	16
Other U.S. Citizens	1			1				2			1	1	1		3	5
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN			1	1				2		16	33	3	2	9	63	65
Subtotal	1	0	1	3	0	0	0	5	2	18	35	6	4	16	81	86
Program Funded 1/																
U.S. Citizens	14	3	2	2				21		1					1	22
FSNs/TCNs	27	7	5					39			30				30	69
Subtotal	41	10	7	2	0	0	0	60	0	1	30	0	0	0	31	91
Total Direct Workforce	42	10	8	5	0	0	0	65	2	19	65	6	4	16	112	177
TAACS								0							0	0
Fellows								0							0	0
IDIs								0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL WORKFORCE	42	10	8	5	0	0	0	65	2	19	65	6	4	16	112	177

USDH Staffing Requirements by Backstop, FY 2000 - FY 2003

Mission:	USAID/Ukraine
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Functional Backstop (BS)	Number of USDH Employees in Backstop in:			
	FY 2000	FY 2001	FY 2002	FY 2003
Senior Management				
SMG - 01	2	2	2	2
Program Management				
Program Mgt - 02	2	2	2	2
Project Dvpm Officer - 94	1	1	1	1
Support Management				
EXO - 03	1	1	1	1
Controller - 04	2	2	2	2
Legal - 85	1	1	1	1
Commodity Mgt. - 92				
Contract Mgt. - 93	2	2	2	2
Secretary - 05 & 07				
Sector Management				
Agriculture - 10 & 14				
Economics - 11	1			
Democracy - 12	1	1	1	1
Food for Peace - 15				
Private Enterprise - 21	3	3	3	3
Engineering - 25				
Environment - 40 & 75				
Health/Pop. - 50				
Education - 60				
General Dvpm. - 12*	1	1	1	1
RUDO, UE-funded - 40				
Total	17	16	16	16

***GDO - 12:** for the rare case where an officer manages activities in several technical areas, none of which predominate, e.g., the officer manages Democracy, Health, and Environment activities that are about equal. An officer who manages primarily Health activities with some Democracy and Environment activities would be a Health Officer, BS 50.

remaining **IDIs**: list under the Functional Backstop for the work they do.

Please e-mail this worksheet in Excel to: Maribeth Zankowski@HR.PPIM@aidw as well as include it with your R4 submission.

OPERATING EXPENSES

Org. Title: USAID/Ukraine		Overseas Mission Budgets								
Org. No: 121		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNDH			0			0			0
	Subtotal OC 11.1	0	0	0	0	0	0	0	0	0
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH			0			0			0
	Subtotal OC 11.3	0	0	0	0	0	0	0	0	0
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH			0			0			0
11.5	FNDH			0			0			0
	Subtotal OC 11.5	0	0	0	0	0	0	0	0	0
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries	240.9		240.9	365		365	380		380
11.8	FN PSC Salaries	665		665	800		800	850		850
11.8	IPA/Details-In/PASAs/RSSAs Salaries			0			0			0
	Subtotal OC 11.8	905.9	0	905.9	1165	0	1165	1230	0	1230
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances	127.9		127.9	186		186	186		186
12.1	Cost of Living Allowances	52		52	55		55	55		55
12.1	Home Service Transfer Allowances	4.8		4.8	5		5	5		5
12.1	Quarters Allowances	28.1		28.1	28.1		28.1	28.1		28.1
12.1	Other Misc. USDH Benefits			0			0			0
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	** Payments to FSN Voluntary Separation Fund - FNDH			0			0			0
12.1	Other FNDH Benefits			0			0			0
12.1	US PSC Benefits			0			0			0
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	** Payments to the FSN Voluntary Separation Fund - FN PSC			0			0			0
12.1	Other FN PSC Benefits	130		130	155		155	155		155
12.1	IPA/Detail-In/PASA/RSSA Benefits			0			0			0
	Subtotal OC 12.1	342.8	0	342.8	429.1	0	429.1	429.1	0	429.1

OPERATING EXPENSES

Org. Title:		Overseas Mission Budgets								
Org. No:		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
13.0	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	Severance Payments for FNDH			0			0			0
13.0	Other Benefits for Former Personnel - FNDH			0			0			0
13.0	FN PSCs	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	Severance Payments for FN PSCs			0			0			0
13.0	Other Benefits for Former Personnel - FN PSCs			0			0			0
	Subtotal OC 13.0	0	0	0	0	0	0	0	0	0
21.0	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Training Travel	60		60	60		60	60		60
21.0	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Post Assignment Travel - to field	25		25	25		25	25		25
21.0	Assignment to Washington Travel	3		3	0		0	0		0
21.0	Home Leave Travel	40		40	40		40	40		40
21.0	R & R Travel	50		50	50		50	50		50
21.0	Education Travel	2.5		2.5	0		0	0		0
21.0	Evacuation Travel	80		80	0		0	0		0
21.0	Retirement Travel			0			0			0
21.0	Pre-Employment Invitational Travel			0			0			0
21.0	Other Mandatory/Statutory Travel			0			0			0
21.0	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Site Visits - Headquarters Personnel	25		25	25		25	25		25
21.0	Site Visits - Mission Personnel	90		90	90		90	90		90
21.0	Conferences/Seminars/Meetings/Retreats	52		52	52		52	52		52
21.0	Assessment Travel			0			0			0
21.0	Impact Evaluation Travel			0			0			0
21.0	Disaster Travel (to respond to specific disasters)			0			0			0
21.0	Recruitment Travel			0			0			0
21.0	Other Operational Travel	66		66	66		66	66		66
	Subtotal OC 21.0	493.5	0	493.5	408	0	408	408	0	408
22.0	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22.0	Post assignment freight	171		171	175		175	175		175
22.0	Home Leave Freight	9		9	10		10	10		10
22.0	Retirement Freight			0			0			0
22.0	Transportation/Freight for Office Furniture/Equip.	78		78	25		25	25		25

OPERATING EXPENSES

Org. Title:		Overseas Mission Budgets								
Org. No:		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
22.0	Transportation/Freight for Res. Furniture/Equip.	30		30	10		10	10		10
	Subtotal OC 22.0	288	0	288	220	0	220	220	0	220
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space	228.1		228.1	280		280	280		280
23.2	Rental Payments to Others - Warehouse Space	71.1		71.1	45		45	45		45
23.2	Rental Payments to Others - Residences	952.4		952.4	920		920	920		920
	Subtotal OC 23.2	1251.6	0	1251.6	1245	0	1245	1245	0	1245
23.3	Communications, utilities, and miscellaneous charges	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities	15		15	18		18	18		18
23.3	Residential Utilities	25.2		25.2	22		22	22		22
23.3	Telephone Costs	84		84	95		95	95		95
23.3	ADP Software Leases			0			0			0
23.3	ADP Hardware Lease			0			0			0
23.3	Commercial Time Sharing			0			0			0
23.3	Postal Fees (Other than APO Mail)			0			0			0
23.3	Other Mail Service Costs			0			0			0
23.3	Courier Services	1.5		1.5	1.5		1.5	1.5		1.5
	Subtotal OC 23.3	125.7	0	125.7	136.5	0	136.5	136.5	0	136.5
24.0	Printing and Reproduction	44		44	35		35	35		35
	Subtotal OC 24.0	44	0	44	35	0	35	35	0	35
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations			0			0			0
25.1	Management & Professional Support Services	27.9		27.9	25		25	25		25
25.1	Engineering & Technical Services			0			0			0
	Subtotal OC 25.1	27.9	0	27.9	25	0	25	25	0	25
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.2	Office Security Guards	64		64	90		90	90		90
25.2	Residential Security Guard Services			0			0			0
25.2	Official Residential Expenses			0			0			0
25.2	Representation Allowances	1.3		1.3	1.5		1.5	1.5		1.5
25.2	Non-Federal Audits			0			0			0

OPERATING EXPENSES

Org. Title:		Overseas Mission Budgets								
Org. No:		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
25.2	Grievances/Investigations			0			0			0
25.2	Insurance and Vehicle Registration Fees	0.5		0.5	0.5		0.5	0.5		0.5
25.2	Vehicle Rental			0			0			0
25.2	Manpower Contracts	60		60	30		30	30		30
25.2	Records Declassification & Other Records Services			0			0			0
25.2	Recruiting activities			0			0			0
25.2	Penalty Interest Payments			0			0			0
25.2	Other Miscellaneous Services	37		37	50		50	50		50
25.2	Staff training contracts	32.6		32.6	87		87	62		62
25.2	ADP related contracts			0			0			0
	Subtotal OC 25.2	195.4	0	195.4	259	0	259	234	0	234
25.3	Purchase of goods and services from Government accounts	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS	150.2		150.2	250		250	250		250
25.3	All Other Services from Other Gov't. accounts			0			0			0
	Subtotal OC 25.3	150.2	0	150.2	250	0	250	250	0	250
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance	48		48	10		10	10		10
25.4	Residential Building Maintenance	123		123	25		25	25		25
	Subtotal OC 25.4	171	0	171	35	0	35	35	0	35
25.6	Medical Care	13		13	15		15	15		15
	Subtotal OC 25.6	13	0	13	15	0	15	15	0	15
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs	5		5	18		18	18		18
25.7	Storage Services			0			0			0
25.7	Office Furniture/Equip. Repair and Maintenance	25		25	15		15	15		15
25.7	Vehicle Repair and Maintenance	44.1		44.1	30		30	30		30
25.7	Residential Furniture/Equip. Repair and Maintenance	25		25	5		5	5		5
	Subtotal OC 25.7	99.1	0	99.1	68	0	68	68	0	68
25.8	Subsistence & spt. of persons (by contract or Gov't.)			0			0			0
	Subtotal OC 25.8	0	0	0	0	0	0	0	0	0

OPERATING EXPENSES

Org. Title: USAID/Ukraine		Overseas Mission Budgets								
Org. No: 121		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
26.0	Supplies and materials	241.3		241.3	340		340	340		340
	Subtotal OC 26.0	241.3	0	241.3	340	0	340	340	0	340
31.0	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31.0	Purchase of Residential Furniture/Equip.	56		56	50		50	50		50
31.0	Purchase of Office Furniture/Equip.	63		63	35		35	35		35
31.0	Purchase of Vehicles	123		123	60		60	60		60
31.0	Purchase of Printing/Graphics Equipment			0			0			0
31.0	ADP Hardware purchases	230.8		230.8			0			0
31.0	ADP Software purchases			0			0			0
	Subtotal OC 31.0	472.8	0	472.8	145	0	145	145	0	145
32.0	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32.0	Purchase of Land & Buildings (& bldg. construction)			0			0			0
32.0	Purchase of fixed equipment for buildings			0	37.5		37.5			0
32.0	Building Renovations/Alterations - Office			0			0			0
32.0	Building Renovations/Alterations - Residential			0			0			0
	Subtotal OC 32.0	0	0	0	37.5	0	37.5	0	0	0
42.0	Claims and indemnities			0			0			0
	Subtotal OC 42.0	0	0	0	0	0	0	0	0	0
TOTAL BUDGET		4822.2	0	4822.2	4813.1	0	4813.1	4800.6	0	4800.6

Additional Mandatory Information

Dollars Used for Local Currency Purchases

200

300

300

Exchange Rate Used in Computations

5.5 _____

5.5 _____

5.5 _____

If data is shown on either of these lines, you MUST submit the form showing deposits to and withdrawals from the FSN Voluntary Separation Fund.

On that form, OE funded deposits must equal:

0

0

0

Organization: USAID/Ukraine

Foreign National Voluntary Separation Account									
Action	FY 2000			FY 2001			FY 2002		
	OE	Program	Total	OE	Program	Total	OE	Program	Total
Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Withdrawals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Local Currency Trust Funds - Regular			
	FY 2000	FY 2001	FY 2002
Balance Start of Year	0.0	0.0	0.0
Obligations	0.0	0.0	0.0
Deposits	0.0	0.0	0.0
Balance End of Year	0.0	0.0	0.0

Exchange Rate _____

Local Currency Trust Funds - Real Property			
	FY 2000	FY 2001	FY 2002
Balance Start of Year			
Obligations			
Deposits			
Balance End of Year	0.0	0.0	0.0

Exchange Rate _____

CONTROLLER OPERATIONS

Org. Title: USAID/Ukraine		Overseas Mission Budgets								
Org. No: 121		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNDH			0			0			0
	Subtotal OC 11.1	0	0	0	0	0	0	0	0	0
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH			0			0			0
	Subtotal OC 11.3	0	0	0	0	0	0	0	0	0
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH			0			0			0
11.5	FNDH			0			0			0
	Subtotal OC 11.5	0	0	0	0	0	0	0	0	0
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries			0			0			0
11.8	FN PSC Salaries	197		197	247		247	250		250
11.8	IPA/Details-In/PASAs/RSSAs Salaries			0			0			0
	Subtotal OC 11.8	197	0	197	247	0	247	250	0	250
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances			0			0			0
12.1	Cost of Living Allowances	3		3	3		3	3		3
12.1	Home Service Transfer Allowances			0			0			0
12.1	Quarters Allowances			0			0			0
12.1	Other Misc. USDH Benefits			0			0			0
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	** Payments to FSN Voluntary Separation Fund - FNDH			0			0			0
12.1	Other FNDH Benefits			0			0			0
12.1	US PSC Benefits			0			0			0
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	** Payments to the FSN Voluntary Separation Fund - FN PSC			0			0			0
12.1	Other FN PSC Benefits	28		28	28		28	28		28
12.1	IPA/Detail-In/PASA/RSSA Benefits			0			0			0
	Subtotal OC 12.1	31	0	31	31	0	31	31	0	31

CONTROLLER OPERATIONS

Org. Title:		Overseas Mission Budgets								
Org. No:		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
13.0	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	Severance Payments for FNDH			0			0			0
13.0	Other Benefits for Former Personnel - FNDH			0			0			0
13.0	FN PSCs	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	Severance Payments for FN PSCs			0			0			0
13.0	Other Benefits for Former Personnel - FN PSCs			0			0			0
	Subtotal OC 13.0	0	0	0	0	0	0	0	0	0
21.0	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Training Travel	7		7	7		7	7		7
21.0	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Post Assignment Travel - to field	5		5	5		5	5		5
21.0	Assignment to Washington Travel			0			0			0
21.0	Home Leave Travel	5		5	5		5	5		5
21.0	R & R Travel	5		5	5		5	5		5
21.0	Education Travel			0			0			0
21.0	Evacuation Travel	6		6	0		0	0		0
21.0	Retirement Travel			0			0			0
21.0	Pre-Employment Invitational Travel			0			0			0
21.0	Other Mandatory/Statutory Travel			0			0			0
21.0	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Site Visits - Headquarters Personnel			0			0			0
21.0	Site Visits - Mission Personnel	15		15	15		15	15		15
21.0	Conferences/Seminars/Meetings/Retreats	5		5	5		5	5		5
21.0	Assessment Travel			0			0			0
21.0	Impact Evaluation Travel			0			0			0
21.0	Disaster Travel (to respond to specific disasters)			0			0			0
21.0	Recruitment Travel			0			0			0
21.0	Other Operational Travel	10		10	10		10	10		10
	Subtotal OC 21.0	58	0	58	52	0	52	52	0	52
22.0	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22.0	Post assignment freight	25		25	25		25	25		25
22.0	Home Leave Freight	1		1	1		1	1		1
22.0	Retirement Freight			0			0			0
22.0	Transportation/Freight for Office Furniture/Equip.	5		5	0		0	0		0

CONTROLLER OPERATIONS

Org. Title: USAID/Ukraine		Overseas Mission Budgets								
Org. No: 121		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
22.0	Transportation/Freight for Res. Furniture/Equip.			0			0			0
	Subtotal OC 22.0	31	0	31	26	0	26	26	0	26
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space	35		35	35		35	35		35
23.2	Rental Payments to Others - Warehouse Space	10		10	10		10	10		10
23.2	Rental Payments to Others - Residences	80		80	80		80	80		80
	Subtotal OC 23.2	125	0	125	125	0	125	125	0	125
23.3	Communications, utilities, and miscellaneous charges	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities	2		2	2		2	2		2
23.3	Residential Utilities	1.5		1.5	1.5		1.5	1.5		1.5
23.3	Telephone Costs	10		10	12		12	12		12
23.3	ADP Software Leases			0			0			0
23.3	ADP Hardware Lease			0			0			0
23.3	Commercial Time Sharing			0			0			0
23.3	Postal Fees (Other than APO Mail)			0			0			0
23.3	Other Mail Service Costs			0			0			0
23.3	Courier Services	3		3	3		3	3		3
	Subtotal OC 23.3	16.5	0	16.5	18.5	0	18.5	18.5	0	18.5
24.0	Printing and Reproduction	5		5	5		5	5		5
	Subtotal OC 24.0	5	0	5	5	0	5	5	0	5
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations			0			0			0
25.1	Management & Professional Support Services			0			0			0
25.1	Engineering & Technical Services			0			0			0
	Subtotal OC 25.1	0	0	0	0	0	0	0	0	0
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.2	Office Security Guards	8		8	12		12	12		12
25.2	Residential Security Guard Services			0			0			0
25.2	Official Residential Expenses			0			0			0
25.2	Representation Allowances			0			0			0
25.2	Non-Federal Audits			0			0			0

CONTROLLER OPERATIONS

Org. Title:		Overseas Mission Budgets								
Org. No:		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
25.2	Grievances/Investigations			0			0			0
25.2	Insurance and Vehicle Registration Fees			0			0			0
25.2	Vehicle Rental			0			0			0
25.2	Manpower Contracts	8		8	4		4	4		4
25.2	Records Declassification & Other Records Services			0			0			0
25.2	Recruiting activities			0			0			0
25.2	Penalty Interest Payments			0			0			0
25.2	Other Miscellaneous Services	5		5	10		10	10		10
25.2	Staff training contracts	5		5	5		5	5		5
25.2	ADP related contracts			0			0			0
Subtotal OC 25.2		26	0	26	31	0	31	31	0	31
25.3	Purchase of goods and services from Government accounts	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS	9		9	15		15	15		15
25.3	All Other Services from Other Gov't. accounts			0			0			0
Subtotal OC 25.3		9	0	9	15	0	15	15	0	15
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance	6		6	5		5	5		5
25.4	Residential Building Maintenance			0			0			0
Subtotal OC 25.4		6	0	6	5	0	5	5	0	5
25.6	Medical Care									
Subtotal OC 25.6		0	0	0	0	0	0	0	0	0
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs			0			0			0
25.7	Storage Services			0			0			0
25.7	Office Furniture/Equip. Repair and Maintenance	4		4	2		2	2		2
25.7	Vehicle Repair and Maintenance	6		6	5		5	5		5
25.7	Residential Furniture/Equip. Repair and Maintenance	4		4	1		1	1		1
Subtotal OC 25.7		14	0	14	8	0	8	8	0	8
25.8	Subsistence & spt. of persons (by contract or Gov't.)			0			0			0
Subtotal OC 25.8		0	0	0	0	0	0	0	0	0

CONTROLLER OPERATIONS

Org. Title: USAID/Ukraine		Overseas Mission Budgets								
Org. No: 121		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
26.0	Supplies and materials	35		35	50		50	50		50
	Subtotal OC 26.0	35	0	35	50	0	50	50	0	50
31.0	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31.0	Purchase of Residential Furniture/Equip.	3		3	3		3	3		3
31.0	Purchase of Office Furniture/Equip.	5		5	0		0	0		0
31.0	Purchase of Vehicles	8		8	8		8	8		8
31.0	Purchase of Printing/Graphics Equipment			0			0			0
31.0	ADP Hardware purchases			0			0			0
31.0	ADP Software purchases			0			0			0
	Subtotal OC 31.0	16	0	16	11	0	11	11	0	11
32.0	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32.0	Purchase of Land & Buildings (& bldg. construction)			0			0			0
32.0	Purchase of fixed equipment for buildings			0			0			0
32.0	Building Renovations/Alterations - Office			0			0			0
32.0	Building Renovations/Alterations - Residential			0			0			0
	Subtotal OC 32.0	0	0	0	0	0	0	0	0	0
42.0	Claims and indemnities			0			0			0
	Subtotal OC 42.0	0	0	0	0	0	0	0	0	0
TOTAL BUDGET		569.5	0	569.5	624.5	0	624.5	627.5	0	627.5

Additional Mandatory Information

Dollars Used for Local Currency Purchases

35

35

35

Exchange Rate Used in Computations

5.5 _____

5.5 _____

5.5 _____

If data is shown on either of these lines, you MUST submit the form showing deposits to and withdrawals from the FSN Voluntary Separation Fund.

On that form, OE funded deposits must equal:

0

0

0

CAPITAL INVESTMENT FUND

Org. Title: USAID/Ukraine		Overseas Mission Budgets								
Org. No: 121		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNDH			0			0			0
	Subtotal OC 11.1	0	0	0	0	0	0	0	0	0
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH	0		0			0			0
	Subtotal OC 11.3	0	0	0	0	0	0	0	0	0
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH	0		0			0			0
11.5	FNDH	0		0			0			0
	Subtotal OC 11.5	0	0	0	0	0	0	0	0	0
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries	0		0			0			0
11.8	FN PSC Salaries	0		0			0			0
11.8	IPA/Details-In/PASAs/RSSAs Salaries	0		0			0			0
	Subtotal OC 11.8	0	0	0	0	0	0	0	0	0
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances	0		0			0			0
12.1	Cost of Living Allowances	0		0			0			0
12.1	Home Service Transfer Allowances	0		0			0			0
12.1	Quarters Allowances	0		0			0			0
12.1	Other Misc. USDH Benefits	0		0			0			0
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	** Payments to FSN Voluntary Separation Fund - FNDH	0		0			0			0
12.1	Other FNDH Benefits	0		0			0			0
12.1	US PSC Benefits	0		0			0			0
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	** Payments to the FSN Voluntary Separation Fund - FN PS	0		0			0			0
12.1	Other FN PSC Benefits	0		0			0			0
12.1	IPA/Detail-In/PASA/RSSA Benefits	0		0			0			0
	Subtotal OC 12.1	0	0	0	0	0	0	0	0	0

CAPITAL INVESTMENT FUND

Org. Title: USAID/Ukraine		Overseas Mission Budgets								
Org. No: 121		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
13.0	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	Severance Payments for FNDH	0		0			0			0
13.0	Other Benefits for Former Personnel - FNDH	0		0			0			0
13.0	FN PSCs	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	Severance Payments for FN PSCs	0		0			0			0
13.0	Other Benefits for Former Personnel - FN PSCs	0		0			0			0
	Subtotal OC 13.0	0	0	0	0	0	0	0	0	0
21.0	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Training Travel			0			0			0
21.0	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Post Assignment Travel - to field	0		0			0			0
21.0	Assignment to Washington Travel	0		0			0			0
21.0	Home Leave Travel	0		0			0			0
21.0	R & R Travel	0		0			0			0
21.0	Education Travel	0		0			0			0
21.0	Evacuation Travel	0		0			0			0
21.0	Retirement Travel	0		0			0			0
21.0	Pre-Employment Invitational Travel	0		0			0			0
21.0	Other Mandatory/Statutory Travel			0			0			0
21.0	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Site Visits - Headquarters Personnel	0		0			0			0
21.0	Site Visits - Mission Personnel	0		0			0			0
21.0	Conferences/Seminars/Meetings/Retreats	0		0			0			0
21.0	Assessment Travel	0		0			0			0
21.0	Impact Evaluation Travel	0		0			0			0
21.0	Disaster Travel (to respond to specific disasters)	0		0			0			0
21.0	Recruitment Travel	0		0			0			0
21.0	Other Operational Travel	0		0			0			0
	Subtotal OC 21.0	0	0	0	0	0	0	0	0	0
22.0	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22.0	Post assignment freight	0		0			0			0
22.0	Home Leave Freight	0		0			0			0
22.0	Retirement Freight	0		0			0			0
22.0	Transportation/Freight for Office Furniture/Equip.	0		0			0			0

CAPITAL INVESTMENT FUND

Org. Title: USAID/Ukraine		Overseas Mission Budgets								
Org. No: 121		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
22.0	Transportation/Freight for Res. Furniture/Equip.	0		0			0			0
	Subtotal OC 22.0	0	0	0	0	0	0	0	0	0
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space	0		0			0			0
23.2	Rental Payments to Others - Warehouse Space	0		0			0			0
23.2	Rental Payments to Others - Residences	0		0			0			0
	Subtotal OC 23.2	0	0	0	0	0	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities	0		0			0			0
23.3	Residential Utilities	0		0			0			0
23.3	Telephone Costs	0		0			0			0
23.3	ADP Software Leases	0		0			0			0
23.3	ADP Hardware Lease	0		0			0			0
23.3	Commercial Time Sharing	0		0			0			0
23.3	Postal Fees (Other than APO Mail)	0		0			0			0
23.3	Other Mail Service Costs	0		0			0			0
23.3	Courier Services	0		0			0			0
	Subtotal OC 23.3	0	0	0	0	0	0	0	0	0
24.0	Printing and Reproduction			0			0			0
	Subtotal OC 24.0	0	0	0	0	0	0	0	0	0
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations	0		0			0			0
25.1	Management & Professional Support Services	0		0			0			0
25.1	Engineering & Technical Services	0		0			0			0
	Subtotal OC 25.1	0	0	0	0	0	0	0	0	0
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.2	Office Security Guards	0		0			0			0
25.2	Residential Security Guard Services	0		0			0			0
25.2	Official Residential Expenses	0		0			0			0
25.2	Representation Allowances	0		0			0			0
25.2	Non-Federal Audits	0		0			0			0

CAPITAL INVESTMENT FUND

Org. Title: Org. No: OC		Overseas Mission Budgets								
		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
25.2	Grievances/Investigations	0		0			0			0
25.2	Insurance and Vehicle Registration Fees	0		0			0			0
25.2	Vehicle Rental	0		0			0			0
25.2	Manpower Contracts	0		0			0			0
25.2	Records Declassification & Other Records Services	0		0			0			0
25.2	Recruiting activities	0		0			0			0
25.2	Penalty Interest Payments	0		0			0			0
25.2	Other Miscellaneous Services	0		0			0			0
25.2	Staff training contracts	0		0			0			0
25.2	ADP related contracts	0		0			0			0
Subtotal OC 25.2		0	0	0	0	0	0	0	0	0
25.3	Purchase of goods and services from Government accounts	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS	0		0			0			0
25.3	All Other Services from Other Gov't. accounts	0		0			0			0
Subtotal OC 25.3		0	0	0	0	0	0	0	0	0
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance	0		0	25		25	25		25
25.4	Residential Building Maintenance	0		0	20		20	20		20
Subtotal OC 25.4		0	0	0	45	0	45	45	0	45
25.6	Medical Care	0								
Subtotal OC 25.6		0	0	0	0	0	0	0	0	0
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs	0		0			0			0
25.7	Storage Services	0		0			0			0
25.7	Office Furniture/Equip. Repair and Maintenance	0		0			0			0
25.7	Vehicle Repair and Maintenance	0		0			0			0
25.7	Residential Furniture/Equip. Repair and Maintenance	0		0			0			0
Subtotal OC 25.7		0	0	0	0	0	0	0	0	0
25.8	Subsistence & spt. of persons (by contract or Gov't.)			0			0			0
Subtotal OC 25.8		0	0	0	0	0	0	0	0	0

CAPITAL INVESTMENT FUND

Org. Title: USAID/Ukraine		Overseas Mission Budgets								
Org. No: 121		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
26.0	Supplies and materials			0			0			0
	Subtotal OC 26.0	0	0	0	0	0	0	0	0	0
31.0	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31.0	Purchase of Residential Furniture/Equip.	0		0			0			0
31.0	Purchase of Office Furniture/Equip.	0		0			0			0
31.0	Purchase of Vehicles	0		0			0			0
31.0	Purchase of Printing/Graphics Equipment	0		0			0			0
31.0	ADP Hardware purchases	0		0	100		100	100		100
31.0	ADP Software purchases	0		0			0			0
	Subtotal OC 31.0	0	0	0	100	0	100	100	0	100
32.0	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32.0	Purchase of Land & Buildings (& bldg. construction)	0		0			0			0
32.0	Purchase of fixed equipment for buildings	0		0			0			0
32.0	Building Renovations/Alterations - Office	0		0	500		500			0
32.0	Building Renovations/Alterations - Residential	0		0			0			0
	Subtotal OC 32.0	0	0	0	500	0	500	0	0	0
42.0	Claims and indemnities			0			0			0
	Subtotal OC 42.0	0	0	0	0	0	0	0	0	0
TOTAL BUDGET		0	0	0	645	0	645	145	0	145

Additional Mandatory Information

Dollars Used for Local Currency Purchases

000

Exchange Rate Used in Computations

**

If data is shown on either of these lines, you MUST submit the form showing deposits to and withdrawals from the FSN Voluntary Separation Fund.

On that form, OE funded deposits must equal:

0

0

0

Accessing Global Bureau Services Through Field Support and Buy-Ins

Ukraine

Objective Name	Field Support and Buy-Ins: Activity Title & Number	Priority *	Duration	Estimated Funding (\$000)			
				FY 2001 Obligated by:		FY 2002 Obligated by:	
				Operating Unit	Global Bureau	Operating Unit	Global Bureau
SO 1.3C	Women's Economic Empowerment-Winrock	Medium	3 years	800		195	
SO 1.4	MBA Training Program, Segir GBTI	Medium	2 years	500			
SO 1.4	Regulatory Reform, Segir LIR, ARD/Checci	Medium	3 years			502	
SO 1.5	Power Sector Privatization, Segir GBTI, Deloitte Touche	High	3 years	600		500	
SO 1.5	Tariff Reform/Communal Services - TBD (same as above)	High	5 years	800			
SO 1.6	Climate Change Initiative - Hagler Bailley	High	3 years	1,000		1,000	
SO 2.1	Electoral Process - TBD	Medium	3 years			700	
SO 2.2	Anti Corruption - TBD	High	3 years	800		1,000	
SO 2.3	Tariff Reform/Communal Services - TBD	High	5 years	1,200		1,500	
SO 3.2	HIV/AIDs - International HIV/AIDs Alliance	High	2 years		1,695		
SO 4.2	Participant Training - AED	High	3 years		1,000		1,000
SO 4.2	Combatting Trafficking in Women - Winrock	High	4 years	982		900	
GRAND TOTAL.....				6,682	2,695	6,297	1,000

* For Priorities use high, medium-high, medium, medium-low, low

Supplemental Information Annexes

Environmental Impact

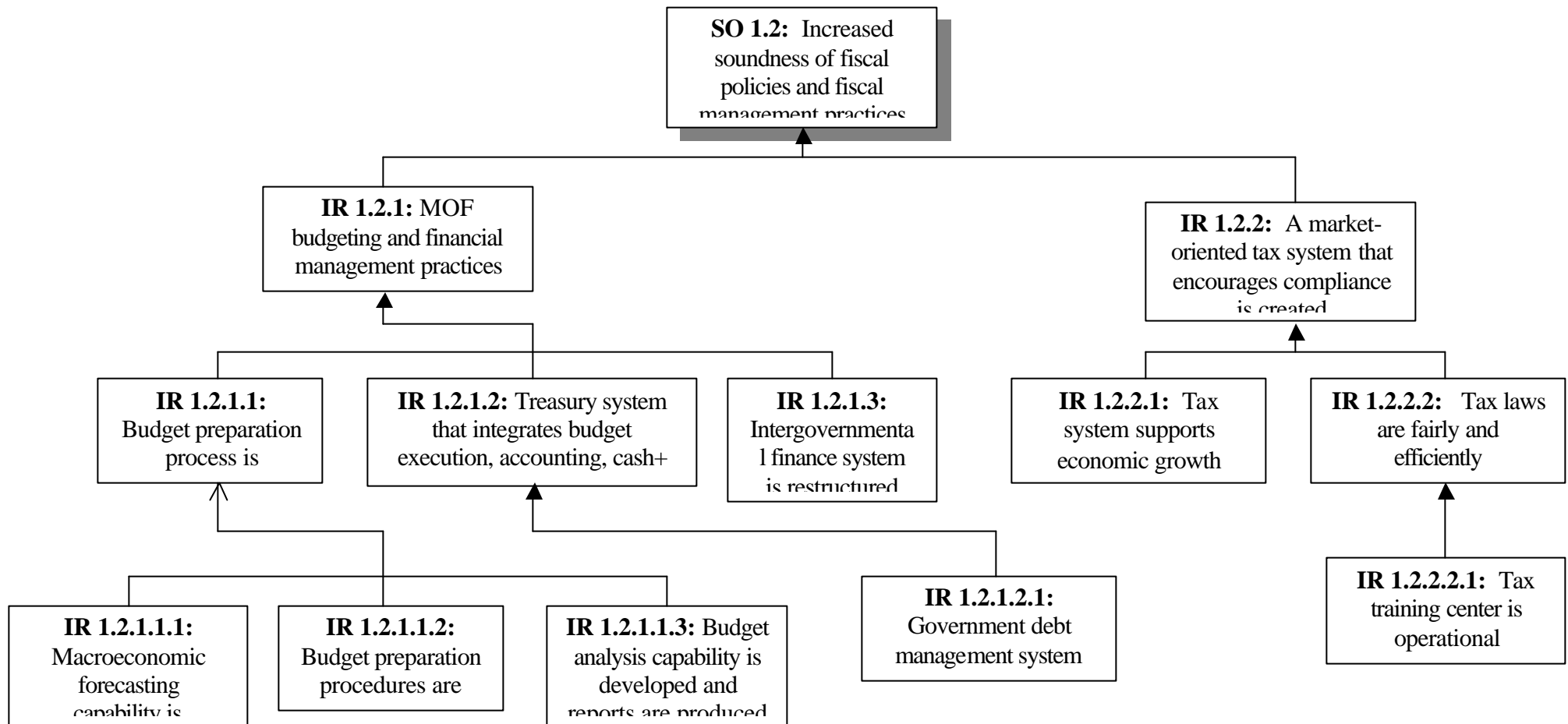
Information Annex Topic: Environmental Impact

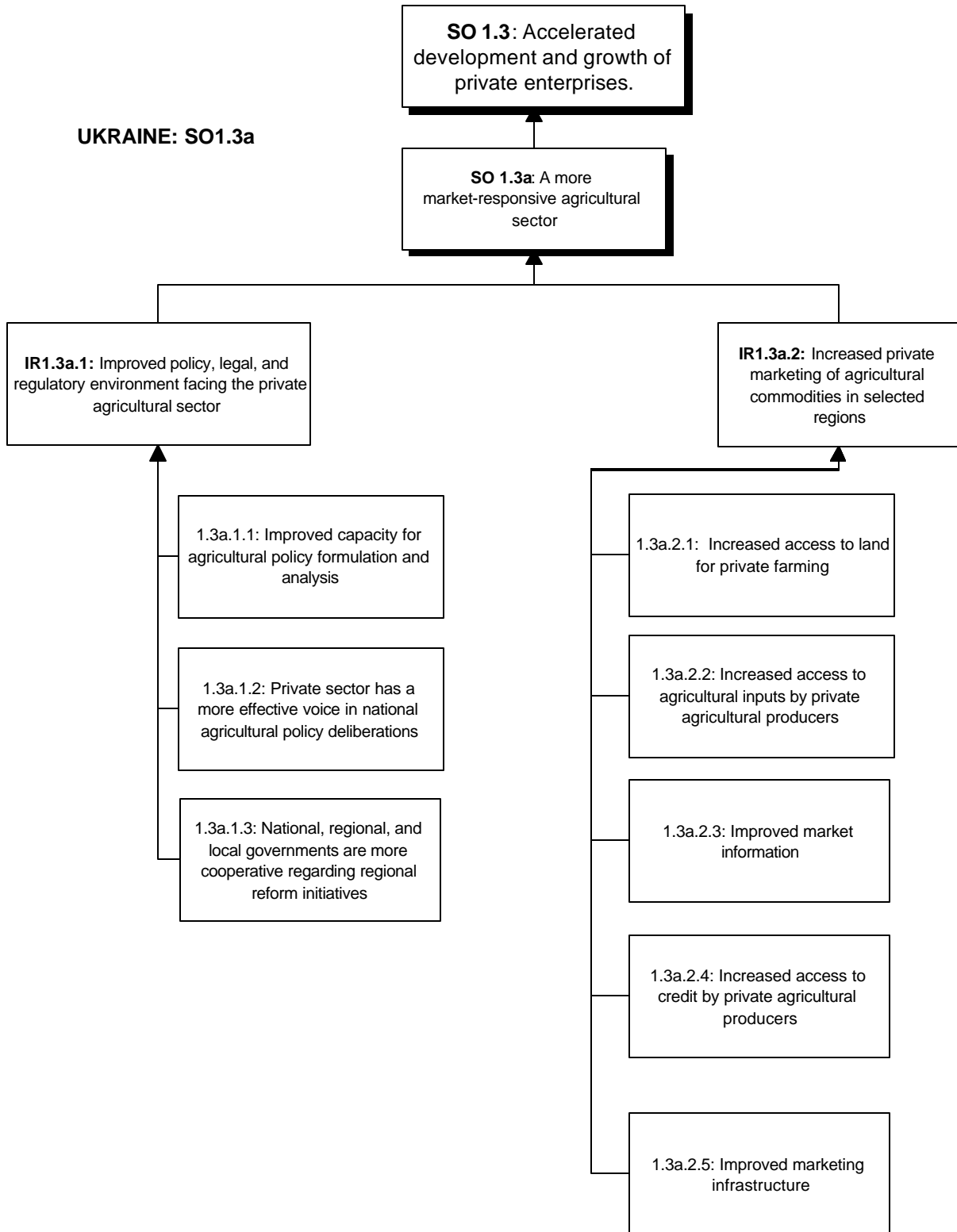
- A. Component One: No new or amended IEEs or EAs are expected to be needed for the coming year.
- B. Component Two: All SOs and related activities are in compliance with previously approved initial environmental examination (IEE), categorical exclusion (CE), or environmental assessment (EA).

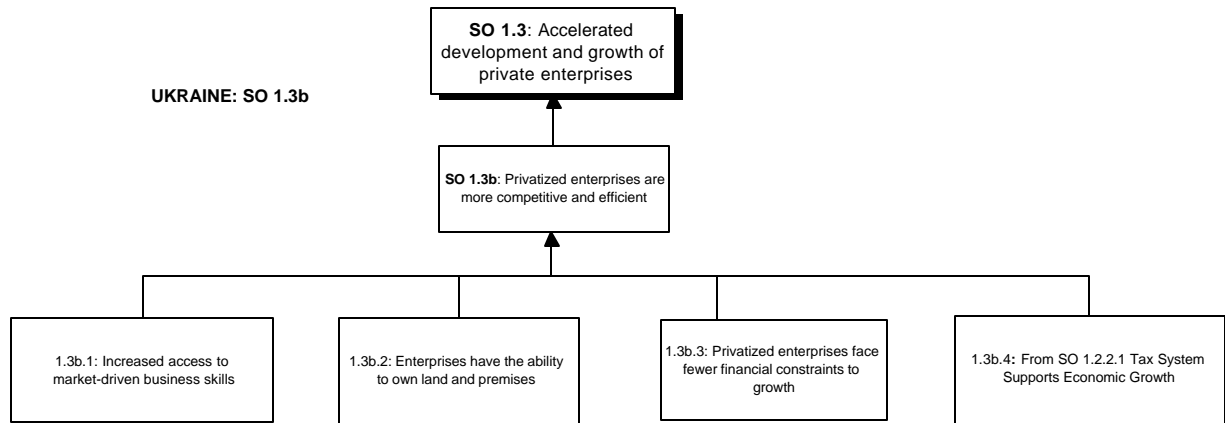
Updated Framework Annex

Information Annex Topic: Updated Results Framework

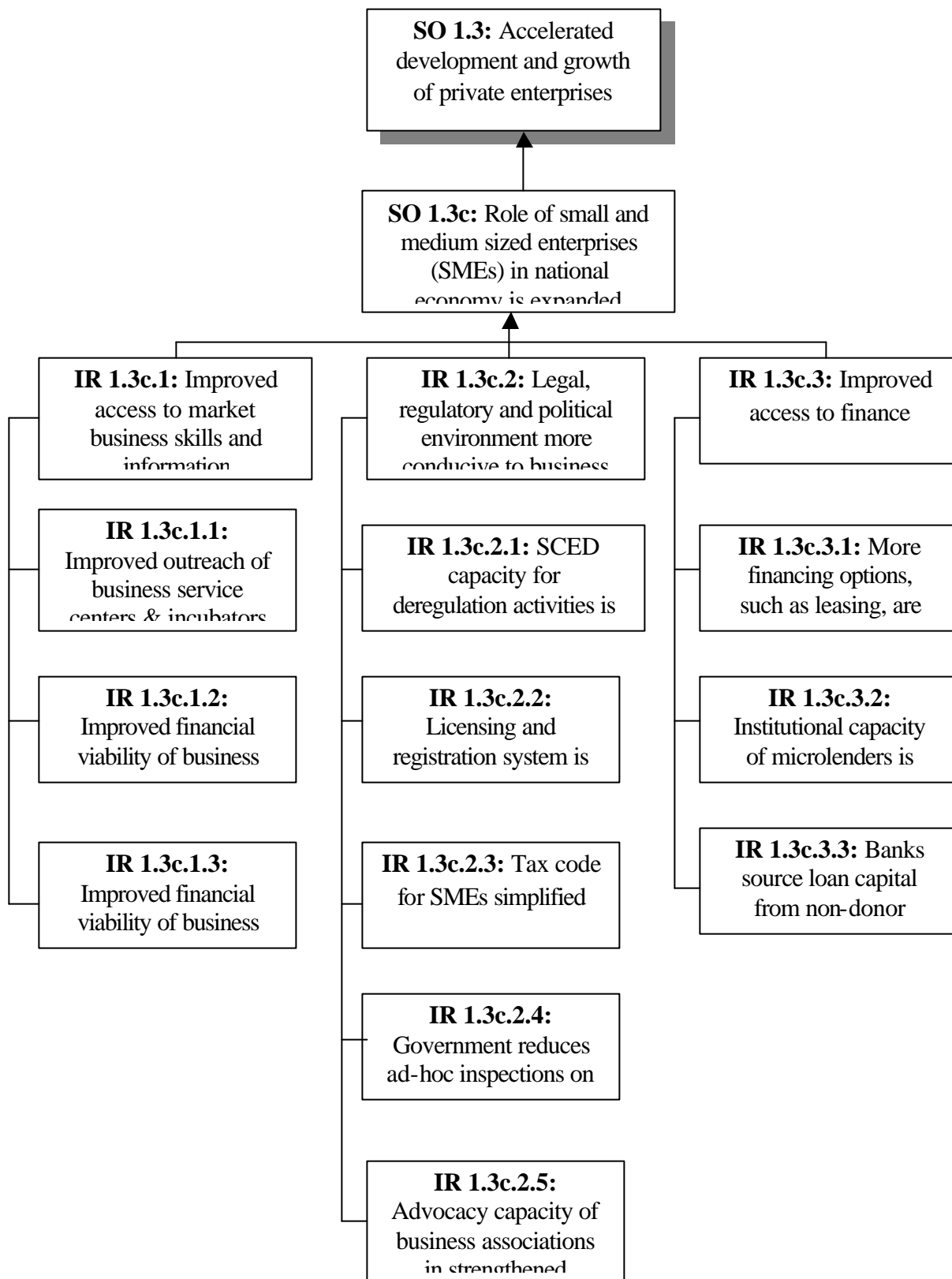
Ukraine: SO 1.2

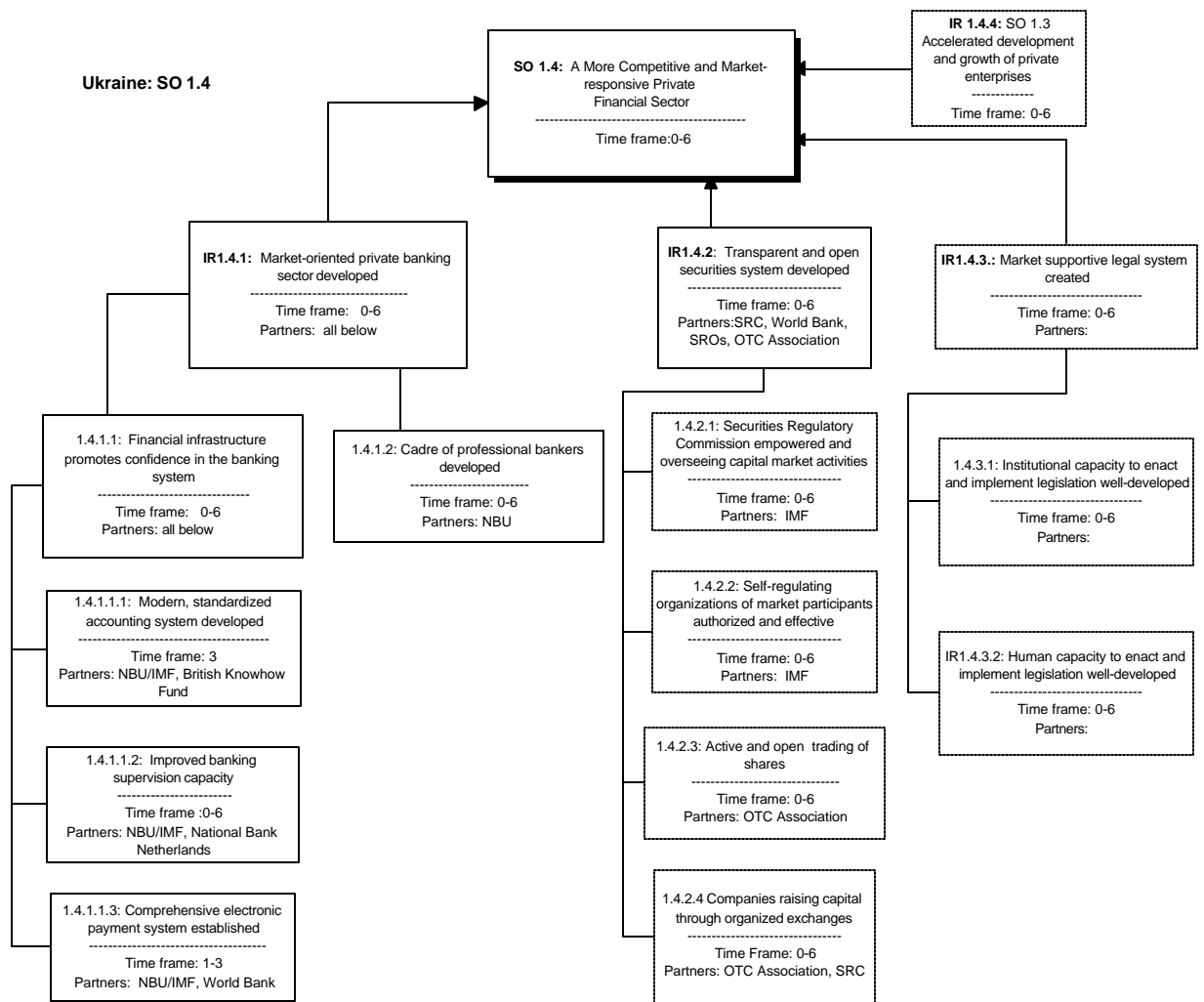


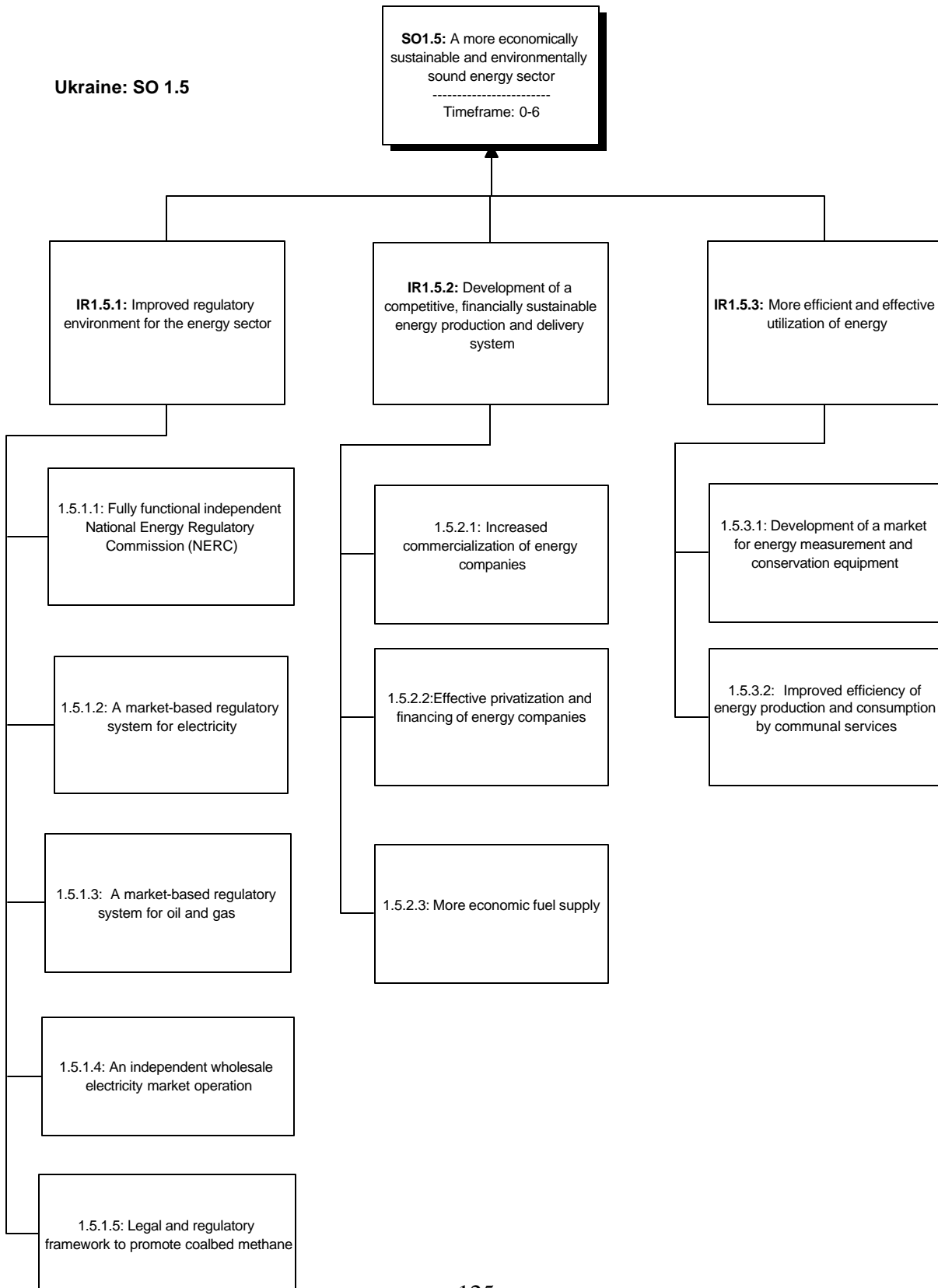


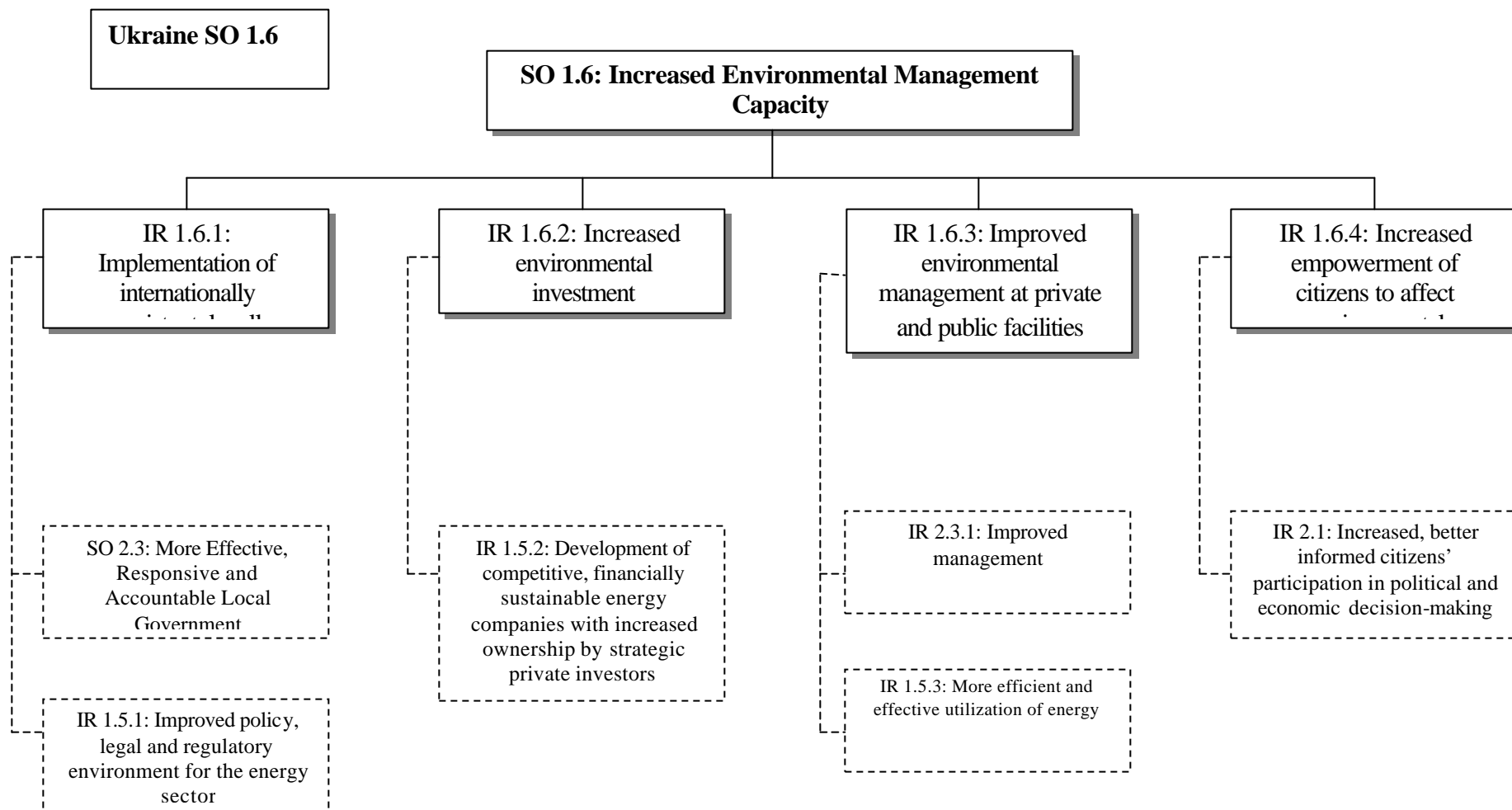


Ukraine SO 1.3c

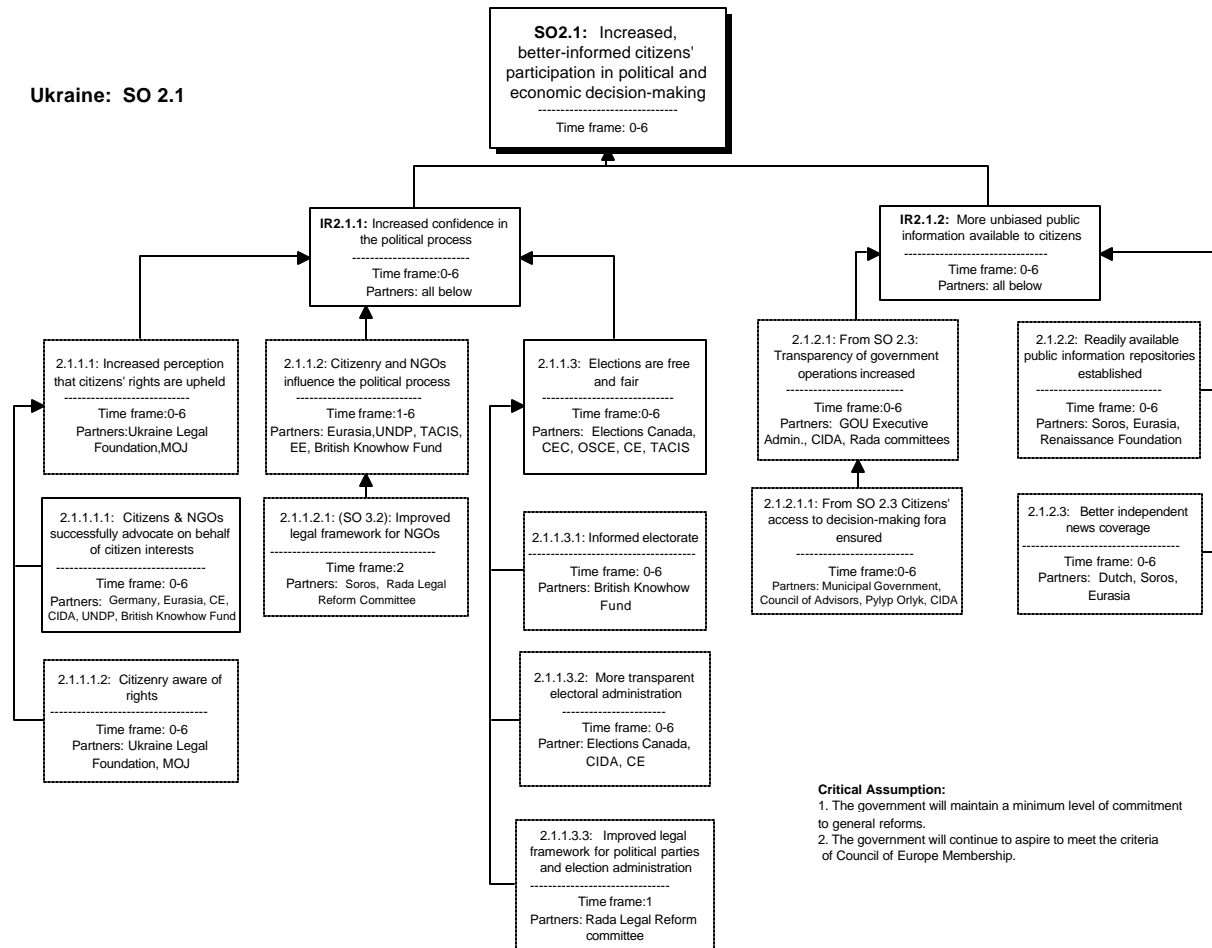




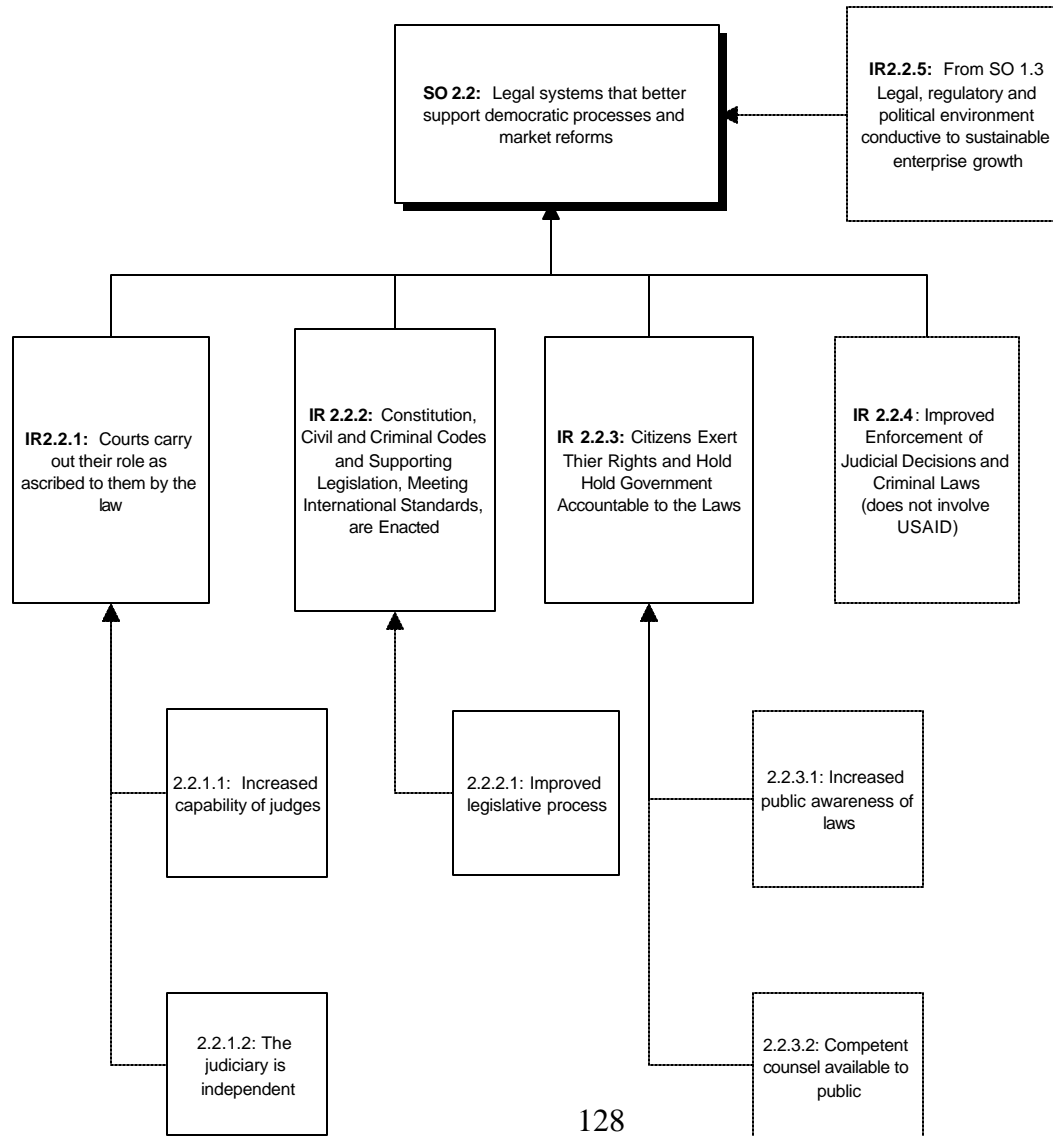




Ukraine: SO 2.1



Ukraine: SO 2.2

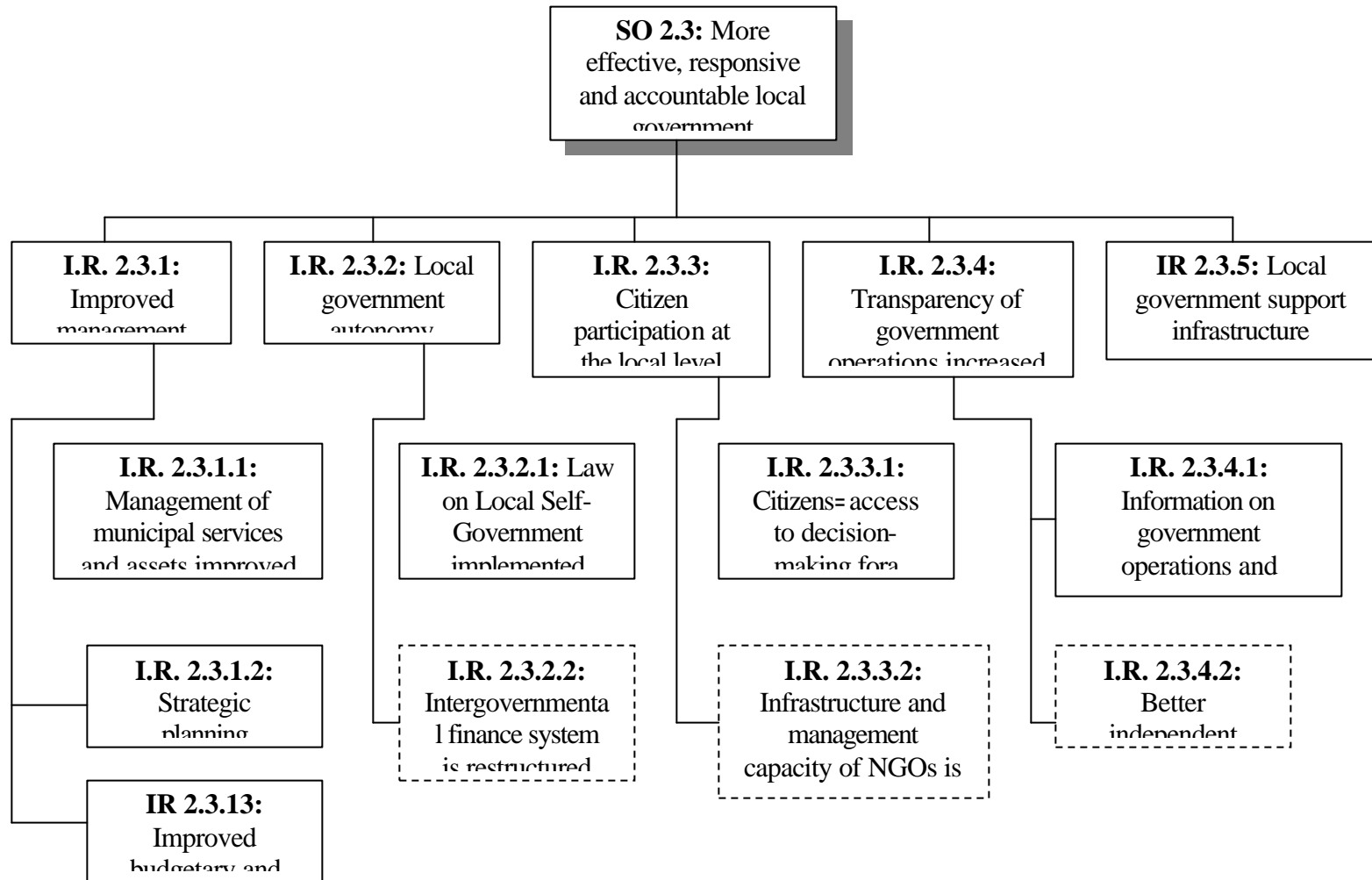


128

Critical assumptions:

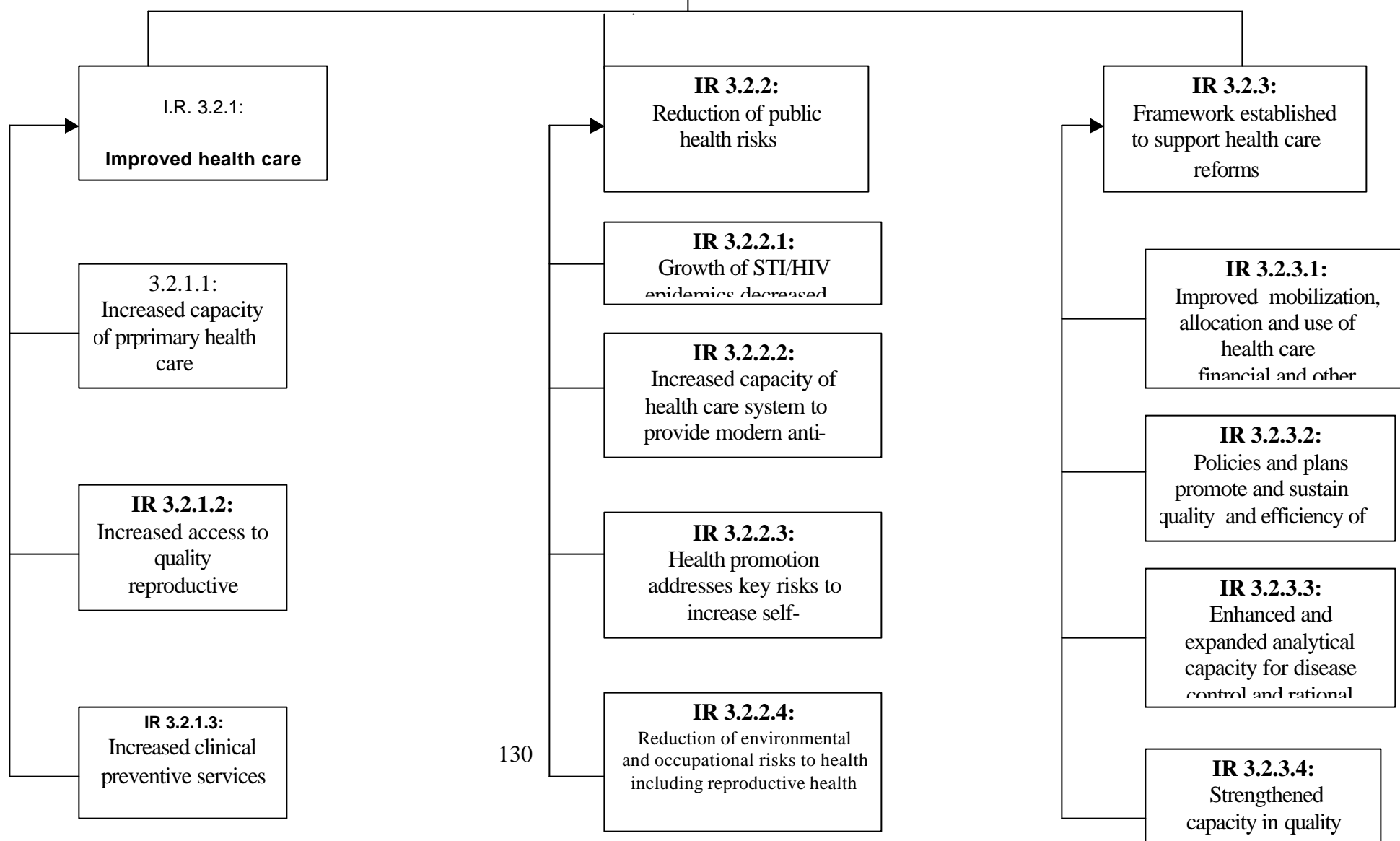
1. Political will for legal/regulatory infrastructure strengthening and impartial application and enforcement of laws.
2. Adequate resources devoted to strengthening

Ukraine SO 2.3

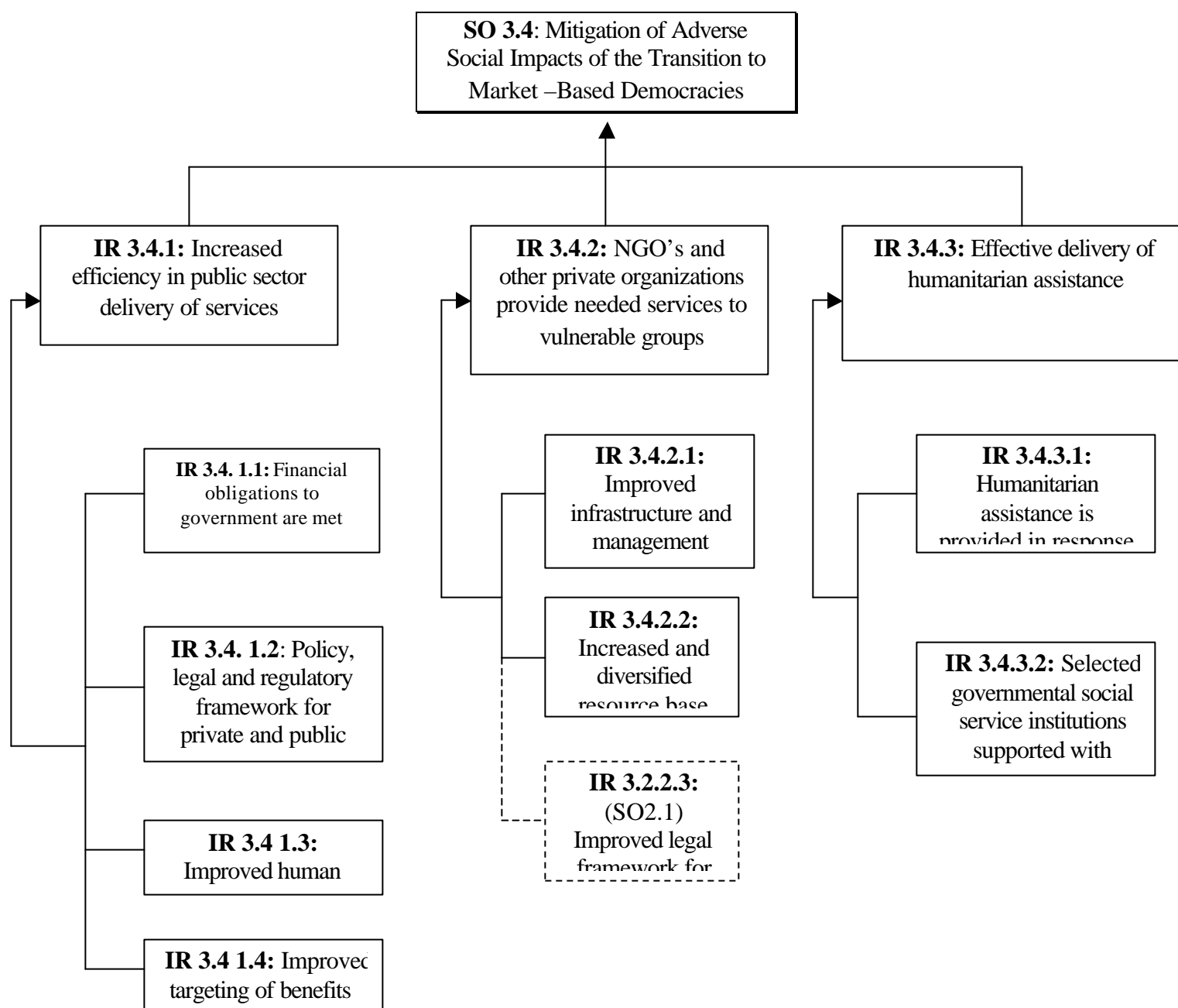


Ukraine SO 3.2

SO 3.2:
Increased promotion of good health and
access to quality health care



Ukraine SO 3.4



Success Stories

Information Annex Topic: Success Stories

NGO Coalition “Freedom of Choice 99

The Civil Society program’s big success story for 1999 concerns an important step forward for civic activism: Young, reform-minded Ukrainians formed a non-partisan coalition of citizens groups to work for free and fair presidential elections. They succeeded beyond their initial hopes: Ultimately, 268 NGOs from all over the country agreed to work together for what they saw as a key part of democracy: free and fair elections. This raises new hopes for the future of civil society in Ukraine.

This phenomenon was a success on many levels:

The Coalition’s work shows that citizen interest in fair and democratic procedures is strong, especially – but not exclusively – among young people in Ukraine.

The success of the Coalition in building a national network was a major step toward maturity for Ukrainian NGOs.

The Coalition’s internal structure was an unusual success for organizational democracy. The coordinators stuck with their commitment to transparency and inclusive decision-making even though the extremely horizontal coordination process was sometimes slow and unwieldy.

The Coalition met most of its goals. The work of the Coalition member groups is at least partly responsible for the astonishing turnout among young voters – up from about 35% in the 1998 parliamentary elections, to over 65% in the 1999 presidential elections.

The Coalition members learned about their limitations: One hope of the Coalition was that their national campaign would provide a cover for the media, to help ensure that the election campaign would be free and fair. They found that they were unable to do much to protect the media, and certainly, were unable to prevent the interference with the media and harassment of critical voices during the campaign. On the other hand, media monitoring carried out by Coalition members provided important data for domestic and international election monitors.

The Coalition’s efforts supported circulation of timely and credible news on the electoral campaign. The daily Hot Line, an e-mail news service, was one project many observers of Ukrainian events are missing, now that the election period is over.

Funding the Coalition proved a success for assistance leverage. USAID committed one million dollars in performance funds to this effort. USAID’s enthusiasm, in turn, helped galvanize other international donors, who coordinated their efforts through a “donors forum” that agreed on a common approach for working with the Coalition and other Ukrainian NGOs, and a coordinated grant proposal review procedure. This avoided overlap and duplication, saved time, and encouraged shared funding where that was appropriate. Thirty-two donors reviewed more than 200 proposals, and funded nearly 100 of them, for a sum total of about \$1.254 million. 70% of this amount came from USAID.

The true test of this success is its impact on the future. We already see signs that the Coalition will continue to make a difference in the development of civil society in Ukraine. Many of the NGOs who worked within the Coalition found their cooperative experience very satisfying, and after the elections, sub-groupings have emerged that plan to continue civic work. One large group has already formed a citizens' coalition against corruption, and are actively working to build a national campaign.

The coalition seems to have come full circle. It was born after some Ukrainians attended a conference in February 1999 to review the experience of the "OK 98 Coalition" in Slovakia – a meeting sponsored by USAID-grantee Freedom House, along with the Open Society Institute and the Mott Foundation. In April 2000, representatives of the new coalition will use Freedom House funding to travel to Bulgaria, to learn how citizens who want their society to be more democratic have worked together to fight against corruption in that country.

Strategic Objective 2.2 Success Story

Citizen's Advocacy Office Defends Citizens and Businesses Against Corrupt Officials

The Citizen's Advocacy Office (CAO) was established in Donetsk under the leadership of the USAID-sponsored “Partnership for Integrity” NGO. It serves as an active source of legal support for citizens and businesses with grievances about corrupt officials. It provides legal advice free-of-charge to citizens on their rights, represents them in court, and helps them gather and submit evidence on cases of alleged corruption. Among their accomplishments to date, the CAO successfully defended and vindicated a government whistleblower.

In 1995, the captain of a Ukrainian cargo ship in the Azov Fleet blew the whistle on several Fleet administration officials who allegedly were embezzling funds to their private bank accounts outside of Ukraine. These officials turned these allegations around and accused the captain of wrongdoing. He was brought to court, sentenced to 5 years in prison, his assets were confiscated, and he was fined. Although he appealed the court decision, he was able only to reduce the sentence. Finally, he contacted the CAO. The CAO's lawyers reviewed the case and went back to court again in October 1999. As a result, the allegations against the captain were dismissed entirely and all previous sentences against him were cancelled. The CAO is working now to build a case against the Fleet officials.

This activity demonstrates that public-private partnerships against corruption can work in Ukraine. They coordinate efforts across sectors, encouraging governmental and societal reforms, and can sometimes have a direct impact on an individual's life.

Pro Bono Legal Clinic Also Fights Corruption

ABA-CEELI has supported four legal clinics at Ukrainian law school. These clinics provide legal advice free-of-charge to citizens on their rights and represents them in court. For example, ABA-CEELI works with 42 student volunteers from the Taras Shevchenko State University Law Clinic. This clinic demonstrates that citizen interest in ROL and democracy is strong, especially – but not exclusively – among young people in Ukraine.

These clinics touch hundreds of people's lives in a small but meaningful way. Among the many typical but interesting cases at the clinic was the story of the client who lived in a state building. A year and a half earlier her apartment was flooded but the city's Housing-Communal Services (HCS) had ignored the client's many requests to repair the damage caused by the flooding. Client students agreed to investigate the case and discovered that the client's apartment was not the only apartment damaged. People in the apartment next door suffer from chronic illnesses that appeared to be caused by the excessive level of humidity in the apartment. Initially, clinic

students were told by HCS that the agency did not have the money necessary to make the repairs. However, the clinic students discovered that HCS did have the money needed for reconstruction in its bank account, but was using the money for "European" repairs to the agency's own building. The students then sent a letter of complaint explaining the circumstances to the Head of the City State Administration. Shortly after, the repairs on the client's apartment began.

This case is an example of the many successful and satisfying outcomes achieved by the students. These experiences promote reform and reinforce in the students and clients a respect for rule of law.

Parliamentary Development Project Helps Reform Coalition Develop

The legislative and constitutional crisis that developed in Ukraine following the Presidential election in November 1999 presented not only challenges but also opportunities for those supporting and encouraging democratic and economic reform. When a pro-reform coalition in the Verkhovna Rada reorganized around the concept of a constructive and stable majority, the Parliamentary Development Project (PDP) assisted the Rada by providing information on the role and responsibilities of factions in parliament, the necessity for coalitions among factions, legislative-executive relations, and, more recently specifically on the role of parliamentary majorities.

While making reforms into economic and political reality will require serious, substantial and hard legislative work, and a partnership of legislature and the Executive, PDP will have timely and accurate information on legislative activities, facilitated access to members and staff of parliament, and easily available access to expert analyses of draft laws.

USAID legislative strengthening activities are already making a difference. The Culture Committee of the Verkhovna Rada was one of the first committees in the Verkhovna Rada to employ new procedures for conducting public hearings in the committee. On February 16, 2000 the Verkhovna Rada voted overwhelmingly (more than 300 votes) for a much improved "Law on Libraries" which was the focus of that May 1998 hearing. The Verkhovna Rada Committee's hearings represent the fullest implementation of a commitment to include public input in legislative deliberations and reflect genuine achievements for US support to democratization in Ukraine. The Committee is already planning its next public hearing for May 2000.

Nikopol - First Ever Experience of a Transparent, Participatory and Innovative Budgeting Process

Nikopol is a city of 250,000 in southern Ukraine, nestled on the shores of the Dniper River shortly before it flows into the temperate waters of the Black Sea. One of its residents strolls into the public library, not to check out a book, but to respond to a widely disseminated public media campaign. The advertisements suggested he seek out a specially designed municipal notebook with a draft of a proposed city budget left there and in nine other libraries to receive public comments and recommendations. As a result of these innovative efforts, the city received constructive feedback from about 300 citizens. Those recommendations were reviewed and incorporated in the draft budget, to the extent possible. For example, in order to respond to some of the citizens' suggestions, the city redistributed its planned expenditures and somewhat increased the amount of funds budgeted for cultural programs.

For the first time in its history, the city of Nikopol has a draft budget that was developed through a successful collaborative effort between the City Hall and the citizens, as a result of close coordination between different USG-funded projects that provided training and technical assistance to the city officials in Nikopol. Various aspects of city management, including budgeting is now being handled in a more transparent and responsive fashion, thus adding to the "critical mass" of reform-minded municipal managers equipped with advanced knowledge and skills that enable them to promote democratic and market reforms at the local level.

Tetyana Lubenchenko, Head of the Department of Economic Policy, was one of 15 Ukrainian officials in the Strategic Budgeting and Planning for Municipal Managers course in Tucson, Arizona, and in Poland in October 1998. USAID suggested and helped design this course which was funded by USIA. Upon her return, Tetyana became one of the main advocates of a new participatory and transparent approach to the city budgeting process. She shared her experience of Western-style municipal planning and budgeting with her colleagues, including financial officers at the City Financial Department, that traditionally had little cooperation with the Department of Economic Policy. As a result, these departments worked very closely on drafting the city budget. With the help of her colleagues, Tetyana had also introduced another US-based innovation – the program-based budget. All major lines of expenses of the Nikopol budget were tied to specific projects in different areas of the city's social and economic development. Also, for the first time in the city's history, the City Hall drafted not only an operational budget but also a capital improvement budget.

The Mayor of Nikopol, Serhiy Starun, was recommended by USAID for a study tour with a group of Ukrainian Mayors to the US that was funded by USIS in January, 1999. Inspired by the effectiveness of citizen involvement, Mayor Starun suggested that the 2000 budget for Nikopol should be widely discussed with the public. This idea was enthusiastically supported by the City Hall staff who understood the advantages of the transparent budgeting process. In addition, under the Community Partnerships Program for Training and Education, a USAID-funded project administered by the US-Ukraine Foundation, a delegation from their partner city, Toledo, visited Nikopol and provided training and technical assistance to the city officials and citizen activists. Then, three city officials from Nikopol, two of them Deputy Mayors, completed a two-week internship in Toledo, focusing on economic development and citizen participation. They brought

back valuable knowledge, as well as useful materials, shared by their American partners, including a copy of the budget of Toledo that was used as a sample for the drafting of the Nikopol budget. One of the interns, Deputy Mayor Yuriy Taran became quite knowledgeable in citizen participation techniques that he applied effectively in Nikopol.

Wide public participation also became a major innovation of the 2000 budgeting process in Nikopol. The newly formed Citizens' Commissions and public hearings, that were held for the first time in Nikopol's history, significantly contributed to the quality of the budgeting process. Following the public hearings, the draft budget was published in the form of a brochure, which was widely advertised by the local media and made available to the citizens at ten city public libraries. Anyone interested in the city budget could read the draft and leave comments in at the libraries.

According to Lyubov Sydorenko, Head of the Financial Department, the budgeting process for 2000 has been truly innovative from the point of view of the constructive dialogue that had been established between the city authorities and residents of Nikopol. In order to continue this dialogue with the public, her staff are now preparing written responses to some of the individuals whose suggestions required feedback from the authorities. Also, relying on the citizens' support, the City Hall will now have stronger arguments in the financial debate with the regional authorities who, unfortunately, are still heavily involved in the distribution of local governments' financial resources.

The city of Nikopol now intends to institutionalize its open budgeting process by passing the City Charter that will provide the legal framework for major aspects of the city life, including budgeting, based on the principles of democracy.

Global Climate Change

Information Annex Topic: Global Climate Change

USAID is cooperating with Ukraine to reduce harmful greenhouse gas emission and meet global commitments under the United Nations Framework Convention on Climate Change (UNFCCC). The U.S. and Ukraine have an enormous stake in protecting the earth's climate system. Global warming is likely to adversely affect the productivity of farms and forests, the incidence and spread of infectious diseases, the intensity of droughts and storms, and the damage from flooding in coastal regions due to rising sea levels.

Some of Ukraine's most significant sources of greenhouse gas (GHG) emissions are its energy, industrial, coal mining, and district heating sectors. USAID's climate change assistance strategy in Ukraine focuses on increasing the potential for investment and improving productivity in these vital economic sectors.

Even though USAID/Ukraine's Climate Change Initiative (CCI) contract with Hagler Bailly Services, Inc. was not awarded until the final days of FY 1999, USAID supported a number of climate change-related activities during the year, including:

Energy efficiency projects managed by the Alliance to Save Energy;

Energy efficiency and project financing projects managed by the U.S. Department of Energy (DOE) and the Pacific Northwest National Laboratory (PNNL) in cooperation with the Ukrainian NGO Arena-Eco;

Coal bed methane project co-funded by U.S. EPA and implemented by EPA, Hagler Bailly, the Alternative Fuels Center, and Partners in Economic Reform (PIER); and

USAID training programs managed by the Institute for International Education (IIE).

These USAID programs are complemented by EPA-funded emissions inventory and emissions trading demonstration projects and DOE-funded energy efficiency projects managed by the Alliance to Save Energy.

In December 1999, the United States and Ukraine signed the Memorandum of Intent for Cooperation on Global Climate Change. This Memorandum is an important indicator of the Ukrainian Government's commitment to actively participate in the CCI and promote various climate change activities at the national as well as regional level.

I. INCREASED PARTICIPATION IN THE UNFCCC (RESULT 1)

A. Policy Advances Supporting the UNFCCC

USAID led the interagency and bilateral process that developed the strategic directions for cooperation with Ukraine that culminated in the signing of the Memorandum of Intent. The Mission supported two meetings of the Sub-Group on Climate Change under the U.S.-Ukraine BiNational Commission.

USAID supported the activities of the Ukrainian Government's Interagency Commission on Climate Change (ICCC) created in April 1999. In May 1999, USAID co-sponsored a workshop for Ukrainian government officials represented on the ICCC to educate them about the requirements of the UNFCCC, the flexibility mechanisms under the Kyoto Protocol, and other international efforts to address global climate change. In October 1999, USAID sponsored a workshop in Kyiv conducted by IIE that brought together representatives from key economic sectors such as energy, fuels, industry, construction, transportation, and mining to raise awareness on the economic aspects of global climate change. In addition, USAID sponsored a workshop on "National Administrative Structures for Global Climate Change" in February 2000 that was conducted by CCI in collaboration with the Ukrainian Ministry of Ecology and Natural Resources to exchange information about how existing administrative structures for climate change function in Ukraine, the U.S., and other countries.

The USAID Mission in Kyiv also supported the participation of five Ukrainian officials in two Umbrella Group meetings and the Fifth Conference of the Parties to the UNFCCC.

B. Increased Capacity to Meet Requirements of the UNFCCC

The Climate Change Initiative Center established in Kyiv in December 1999 under the CCI/Ukraine will provide continuous support to the Government of Ukraine to increase its capacity in four areas:

- establishing national administrative structures;
- developing technical methodologies necessary to implement a national climate change program;
- preparing projects for investment; and
- building consensus among industry, environmental organizations and government authorities.

USAID/Kyiv sponsored the workshop "Public Awareness Raising and NGO Involvement in the Prevention of Global Climate Change" that was conducted in Kyiv in December 1999 by the Ukrainian Society for Sustainable Development and the Alliance to Save Energy. It started a process that has resulted in the creation by representatives of 17 Ukrainian environmental NGOs of a Climate Change Working Group as a mechanism to coordinate efforts to advocate a more active role for Ukraine in climate change mitigation activities.

Earlier, in September 1999, the Center for Clean Air Policy prepared an Institutional Capacity Assessment of the climate change policy development in Ukraine. The CCI will further develop detailed recommendations for climate change institutional capacity building in Ukraine.

In August-September 1999, USAID sponsored three Ukrainian specialists (two government, one NGO) to attend Lawrence Berkeley National Laboratory in California for a three-week training in monitoring, evaluation, registration, and verification of GHG emission reductions.

The CCI has conducted a training needs' assessment and developed a training strategy that focuses on building Ukrainian capacity to meet UNFCCC requirements. In the short-term, the goal of the training strategy is to equip a substantial number of Ukrainian stakeholders with training on issues, methods, and analytical tools related to project finance & development and market barrier removal, including GHG emissions inventory development. In the long-term, the goal of the training strategy is to integrate climate change concerns into the economic, technical

and educational fabric of Ukraine through greater penetration of climate change-related coursework and development of international linkages.

II. REDUCED GREENHOUSE GAS EMISSIONS FROM LAND USE, FORESTRY ACTIVITIES, AND NATURAL RESOURCE MANAGEMENT (RESULT 2)

USAID/Ukraine did not conduct any activities in this area in FY 1999. However, carbon sequestration activities are expected to be included in the CCI's second-year program.

III. REDUCED GREENHOUSE GAS EMISSIONS FROM THE ENERGY SECTOR, INDUSTRY, AND URBAN AREAS

A. Energy Sector, Industrial, and Urban Activities

With USAID funding through an interagency agreement, DOE and PNNL have been supporting energy efficiency projects at six Ukrainian industries within the framework of the Industrial Energy Efficiency Project. To date, the plants have invested \$1.2 million of their own funds in the recommended energy efficiency measures. These investments are significant not just for the savings they will generate, but also because they demonstrate the long-term commitment these companies have to energy efficiency as a result of the U.S. Government assistance. Each of the factories in the program has approved a comprehensive package of recommendations, including installation of up to 45 megawatts of cogeneration capacity at Avdeevka Coke Chemical Plant, and a multi-million dollar furnace at Gostomel Glass Plant. DOE and PNNL are continuing to help the plants structure financing for even larger energy-efficiency projects.

The USAID/DOE Natural Gas Project evaluated the potential retrofit and partial replacement of 96 energy inefficient gas supply units in 23 compressor stations along the three main Ukrainian gas pipelines. The project would require approximately \$400 million worth of investments and would save about 800 million m³ of natural gas annually.

As part of USAID-sponsored Lviv Municipal Energy Efficiency Project, the Alliance to Save Energy conducted a demonstration project that installed heat control systems and repaired and weatherized windows at a Boarding School for Children with Cardiovascular Disease. The project resulted in a direct reduction of over 120 tons of CO₂ per year and substantial cost savings. The Alliance has also conducted a number of energy audits of other municipal buildings in Lviv and organized a strategic planning workshop for the city's district heating companies.

The experiences of the Lviv project have been rolled out to other Ukrainian cities (e.g., Ivano-Frankivsk, Ternopil, Lutsk, Truskavets, and Morshyn).

With USAID and U.S. EPA support, PIER established an office in Donetsk (the center of the Donbass coal basin) to develop a coal bed methane program. Coal bed methane projects are a high-priority GHG mitigation measure identified in Ukraine's First National Communication to the UNFCCC. In collaboration with Ukraine's Alternative Fuels Center, PIER reviewed data from all of the coal mines in Ukraine to select the best candidates for potential commercial coal bed methane (CBM) development projects. Four Donbass coal mines with high potential for successful CBM projects have been selected. The CCI will assist two of these mines to develop business plans for these projects in FY 2000.

B. Policy Advances

New municipal energy efficiency policies in Lviv serve as a vivid example of results of USAID's policy efforts at the local level. In May 1999, the Mayor of Lviv appointed a fifteen-member Energy Efficiency Commission of city officials to manage Lviv's energy efficiency program.

C. Public and Private Funding Leveraged

In January 2000, the World Bank approved an \$18 million loan for the implementation of the Kyiv Public Buildings Energy Efficiency Project that was prepared by PNNL and Arena-Eco. The project is valued at just over \$30 million and includes a substantial funding contribution from the Kyiv City Administration. It will generate about \$5.7 million per year in cost savings reduce GHG emissions by over 62,000 tons per year. Similarly, Arena-Eco is working under USAID/DOE funding to prepare a \$173 million Kharkiv District Heating Project for World Bank financing. When implemented, this project will save over \$35 million per year in energy costs and reduce GHG emissions by over 335,000 tons per year.

As mentioned above, the Industrial Energy Efficiency Project has leveraged over \$1 million of private sector investment for energy efficiency improvements at six industrial facilities. Recently, the WEST NIS fund approved a loan of \$3M to Gostomel Glass Plant for their efficiency improvements.

D. Institutional Capacity Strengthened

USAID has been supporting the Energy Efficiency and Energy Saving Work Group of the Ukraine Council for Sustainable Development. In March 1999, the Alliance to Save Energy conducted a seminar on "Development of Energy Efficiency Business in Ukraine" that focused on the establishment and strengthening of energy service companies (ESCOs) in Ukraine and educated Ukrainian municipal and business leaders about the opportunities and business tools for saving energy in Ukraine.

USAID also supported the creation of the Ukrainian Association of Energy Service Companies that was established in the first quarter of 1999. Using USAID funds managed by DOE, PNNL worked with UkrEsco, Ukraine's largest ESCO, and several other ESCOs to identify and develop potential investment projects.

Under the USAID-funded Lviv Municipal Energy Efficiency Project, the Alliance to Save Energy has played a key role in organizing a new energy efficiency NGO in Western Ukraine, the Ukrainian Network of Energy Efficient Cities (UNEEC). The organization, which is loosely patterned after the Polish Network of Energy Cities, will provide a mechanism for cities in Western Ukraine to share information on how energy efficiency can relieve the burden of high energy costs on municipal budgets. The Alliance has also created a cadre of local energy auditors through on-the-job training and targeted workshops.

FY99 Climate Change Reporting Guidance - Data Tables

Please fill in the YELLOW cells to complete the table.

Table 1 - Background Information	
Country, Region, Office, or Program Reporting:	USAID Regional Mission for Ukraine, Belarus and Moldova
Name of person(s) completing tables:	Dan Thompson, Environmental Advisor
GCC Contact 1:	
SO Team (including SO number):	1.6: Increased environmental capacity to promote sustainable development
GCC Contact 2:	Tatiana Kornilova, Energy Specialist
SO Team (including SO number):	1.5 : More economically sustainable and environmentally sound energy sector
GCC Contact 3:	Oelsander Cherkas, Environmental Specialist
SO Team (including SO number):	1.6: Increased environmental capacity to promote sustainable development
Contact Information (USG mail)	USAID Regional Mission for Ukraine, Belarus and Moldova
Address (1):	
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Street:	19 Nizhniy Val Street
City, Address Codes:	254071 Kiev, Ukraine
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Email address:	dthompson@usaid.gov
Other relevant information:	

Please fill in the YELLOW cells to complete the table.

TABLE 2						
Result 1: Increased Participation in the UNFCCC						
Indicator 1: Policy Development Supporting the Framework Convention on Climate Change						
PLEASE SEE BELOW for DEFINITIONS necessary to complete this table.	STEP 1: Policy Preparation and Presentation	STEP 2: Policy Adoption	STEP 3: Implementation and Enforcement	List Activities Contributing to Each Policy Category	SO Number for Activity	CN/TN Number for Activity
Ex: Integration of climate change into national strategic, energy, and sustainable development strategies	1	1		Gov't-established interagency group has completed all necessary analysis and preparation to develop NEAP. The government has also signed Annex b of the FCCC.	3.2	CN-23-222
Integration of climate change into national strategic, energy, and sustainable development strategies	2			Alliance's experts evaluated energy efficiency aspects of Ukraine's Construction Code and compared it with international standards	1.5	
		1	1	Two bilateral sessions of subcommittee on climate change under the Gore-Kuchma Commission. Gov't signed Annex I of the FCCC and participates in the Umbrella Group of countries cooperating on climate change. Gov't established interagency group approved and submitted First National Communication and Emissions Inventory.MOI signed between US and Ukraine for climate change cooperation over 5 years.		
Emissions inventory						
Mitigation analysis						
Vulnerability and adaptation analysis						
National Climate Change Action Plan						
Procedures for receiving, evaluating, and approving Activities Implemented Jointly (AIJ) proposals						
Procedures for monitoring and verifying greenhouse gas emissions						
Growth baselines for pegging greenhouse gas emissions to economic growth						
Legally binding emission reduction targets and timetables						
Other (describe)	Climate Change Program Administration	1		Institutional Analysis of climate change capacity in Ukraine completed		
Other	Participation in UNFCCC		5	Govt officials and specialists participating in COP5 and Umbrella Group sessions in Bonn and Tokyo facilitated by Ukraine CCI.		
Other						
Other						
Other						
Sub-total (number of policy steps achieved):	3	1	6			
TOTAL (number of policy steps achieved):			10			

Definitions: Policy Steps Achieved	
Policy Measure	"Policy measures" may include documentation demonstrating a legal, regulatory, or other governmental commitment to a defined course of action. Thus, for example, "policy measures" would include: a national, state, provincial, or local law; a regulation or decree; guidance issued by an agency, ministry, or sub-national body; a land use plan; a National Environmental Action Plan; a Climate Change Action Plan; or a National Communication to the IPCC. The term "policy measures" does not include technical documentation, such as technical reports or land use maps, nor site-specific activities reported under Indicators 1 and 2 (e.g., legal demarcation of individual site or granting of community access to single location).
Policy Preparation and Presentation (Step 1)	Draft bill, policy or regulation, vetted through relevant stakeholders in government, non-government, the private sector and civil society, and introduced for debate in appropriate legislative, regulatory, or governmental body.
Policy Adoption (Step 2)	Policy intervention is approved and adopted by the appropriate administrative agency or legislative body. Can take the form of the voting on a law; the issuance of a decree, etc.
Policy Implementation and Enforcement (Step 3)	Actions that put the policy interventions into effect, such as agency personnel trained in procedures, appropriate institutions created or strengthened, or legislation implemented through the appropriate government agency.
Definitions: Types of Activities	
Adaptation	Adjustments in practices, processes or structures of systems to projected or actual changes of climate (may be spontaneous or planned).
Emissions inventory	Detailed listing of GHG sources and sinks.
Growth Baselines	An approach that would link countries' emissions targets to improvements in energy efficiency.
Joint Implementation (JI)	The process by which industrialized countries can meet a portion of their emissions reduction obligations by receiving credits for investing in GHG reductions in developing countries.
Mitigation	An action that prevents or slows the increase of greenhouse gases (GHGs) by reducing emissions from sources and sinks.
National Climate Change Action Plan	Plans that delineate specific mitigation and adaptation measures that countries will implement and integrate into their ongoing programs. These plans form the basis for the national communications that countries submit to the UNFCCC Secretariat.

Please fill in the YELLOW cells to complete the table.

TABLE 3						
Result 1: Increased Participation in the UNFCCC						
Indicator 2: Increased capacity to meet requirements of the UNFCCC						
Categories		Types of Support Provided (mark with a "1" for each category)		List the Activities that Contribute to Each Capacity Building Category	SO Number for Activity	CN/TN Number for Activity
		Training	Technical Assistance			
Ex: Support for joint implementation activities		1	1	Provided training and assistance in the economic and financial evaluation of energy efficient projects for consideration in JI activities.	2.4	CN-23-222
Monitoring and verifying GHG emissions		2	1	Alliance's experts explored possibilities for energy auditing of municipal buildings in Ukraine and organized relevant training for 10 energy auditors from Lviv (Ukraine)	1.5	
				Two Ukrainian specialists (NGO & Govt) sponsored for intensive MERV training at Lawrence Berkeley Lab in USA to provide core	1.6	
Growth baselines for pegging GHG emissions to economic growth						
Development of emissions reduction targets and timetables						
Support for joint implementation activities		3		Mission sponsors one training session (IIE) and two seminars on climate change economics and JI implementation for national, municipal officials and NGOs	1.6	
Other (describe)			1	1 qr. 2000 - A meeting of international CC donors was held in Kyiv to explore a possibility to establish a Multilateral CC Working Group in Ukraine to avoid duplication of efforts and ensure a better leverage of climate-related funds	1.6	
Other		2		A roundtable and a working meeting (1 qr. 2000) on climate change issues were held in Kyiv to facilitate establishment of an NGO climate change network	1.6	
Other	Support for climate change program administration	1	1	Workshop on National Administrative Structures for Climate Change for Govt and NGOs focuses on requirements for annual GHG national inventory and GHG reduction / JI project evaluation & registration. (CCI - 1Q00) Technical assistance in submitting capacity building recommendations to UNFCCC.	1.6	
Other						
Other						
Total number of points for Training/Technical Assistance:		8	3			

Please fill in the YELLOW cells to complete the table.

TABLE 9												
Result 3: Reduced Net Greenhouse Gas Emissions from the Energy Sector, Industry and Urban Areas												
Indicator 1: Emissions of Carbon Dioxide Equivalents Avoided, due to USAID Assistance (Measuring Carbon Dioxide, Methane, and Nitrous Oxide)												
PLEASE SEE BELOW for CODES necessary to complete this table.		3.1 A - CO2 Emissions avoided through renewable energy activities			3.1 B - CO2 emissions avoided through end use energy efficiency improvements			3.1 C - CO2 emissions avoided through energy efficiency improvements in generation, transmission, and distribution (including new production capacity)			SO number for Activity	CN/TN Number for Activity
		MW-h produced in electricity generation	BTU's produced in thermal combustion	Fuel type replaced (use codes)	MW-h saved	BTU's saved in thermal combustion	Fuel type saved (use codes)	MW-h saved	BTU's saved in thermal combustion	Fuel type saved (use codes)		
Ex	Renewable Energy Production Prog.	512,258		J							2.1	CN-120-97
Ex	Steam & Combustion Efficiency Pilot Proj.					1,832,144	J				2.1	CN-120-97
Ex	Power Sector Retrofits							912,733		T	2.1	CN-120-97
1	Lviv School Energy Efficiency Demo Project					1,399,052,133	EE				1.5	
2	Windows Weatherization Demo Proj. for Residential Building in Lviv					225,213,270	EE				1.5	
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
Totals:		0	0		0	1,624,265,403		0	0			

PLEASE SEE BELOW for CODES necessary to complete this table.		3.1 D - CO2 emissions avoided as a result of switching to cleaner fossil fuels (including new production capacity)				3.1 E - Methane emissions captured from solid waste, coal mining, or sewage treatment	3.1 F - Tonnes of nitrous oxide emissions avoided through improved agriculture	SO number for Activity	CN/TN Number for Activity
		MW-h produced in electricity generation	BTUs produced in thermal combustion	Old fuel type (use codes)	New fuel type (use codes)	Tonnes of methane	Tonnes of nitrous oxide		
Ex	Clean Fuels Program	4,551		H	FF			2	CN-120-97
Ex	Municipal Landfill Proj.					450		2	CN-120-97
Ex	Sust. Ag. & Devt. Proj.						575	2	CN-120-97
1									
2									
3									
4									
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10									
11									
12									
13									
14									
15									
Totals:		0	0			0	0		

Codes for Fuel Type			
Fuel Types		Code	Fuel Name
Liquid Fossil	Primary Fuels	A	Crude oil
		B	Orimulsion
		C	Natural gas liquid
	Secondary Fuels	D	Gasoline
		E	Jet kerosene
		F	Other kerosene
		G	Shale oil
		H	Gas/diesel oil
		J	Residual fuel oil
		K	LPG
		L	Ethane
		M	Naphtha
		N	Bitumen
		O	Lubricants
		P	Petroleum coke
		Q	Refinery feedstocks
		R	Refinery gas
		S	Other oil
Solid Fossil	Primary Fuels	T	Anthracite (coal)
		U	Coking coal
		V	Other bituminous coal
		W	Sub-bituminous coal
		X	Lignite
		Y	Oil shale
		Z	Peat
	Secondary fuels/ products	AA	BKB & patent fuels
		BB	Coke oven/gas coke
		CC	Coke oven gas
Gaseous Fossil		DD	Blast furnace gas
		EE	Natural gas (dry)
Biomass		FF	Solid biomass
		GG	Liquid biomass
		HH	Gas biomass

Please fill in the YELLOW cells to complete the table.

TABLE 10							
Result 3: Decreased Net Greenhouse Gas Emissions from the Energy Sector, Industry, and Urban Areas							
Indicator 3: National/sub-national policy advances in the energy sector, industry and urban areas that contribute to the avoidance of greenhouse gas emissions							
PLEASE SEE BELOW for DEFINITIONS necessary to complete this table.	Scope (N or S)	STEP 1: Policy Preparation and Presentation	STEP 2: Policy Adoption	STEP 3: Implementation and Enforcement	List Activities Contributing to Each Policy Category	SO Number for Activity	CN/TN Number for Activity
Policy Measure							
Example: Facilitates improved demand side management or integrated resource planning	N	2	1		Mission supported introduction of two decrees for energy tariff reforms (pursuant to National Energy Reform Law) in the national parliament; one decree was adopted	2.4	CN-577-92
Facilitates improved demand side management or integrated resource planning	S	5			1Q 2000 - MOUs on cooperation on the project Rolling Out the Lviv Experience in Enhancing Municipal Energy Efficiency signed between the Alliance to Save Energy and executive committees of city councils of 5 oblast centers	1.5	
	N	1	1	1	Mission supported the analysis and introduction of Law of Production Sharing Agreement adopted by GOU. Energy sector privatization plan and schedule underway		
Facilitates competitive energy markets that promote market-based energy prices, decrease fossil fuel subsidies, or allow open access to independent providers	S	2	2		1Q 2000 MOU signed between two mining enterprises and Ukraine CCI (HBIX/PIER) to develop projects to capture methane ventilated from mining operations	1.5 & 1.6	
Facilitates the installation of energy efficient or other greenhouse gas reducing technologies, including improved efficiencies in industrial processes							
Facilitates the use of renewable energy technologies							
Facilitates the use of cleaner fossil fuels (cleaner coal or natural gas)							
Facilitates the introduction of cleaner modes of transportation and efficient transportation systems							
Promotes the use of cogeneration							
Other (describe)							
Other							
Other							
Other							
Other							
Sub-total (number of policy steps achieved):		8	3	1			
Total (number of policy steps achieved):				12			

Definitions: Scope	
National Policies (N)	Policies that influence issues on a countrywide level.
Sub-national Policies (S)	Policies that affect a tribal nation, province, state or region that are neither national nor site specific in impact.
Definitions: Policy Steps Achieved	
Policy Measure	"Policy measures" may include documentation demonstrating a legal, regulatory, or other governmental commitment to a defined course of action. Thus, for example, "policy measures" would include: a national, state, provincial, or local law; a regulation or decree; guidance issued by an agency, ministry, or sub-national body; a land use plan; a National Environmental Action Plan; a Climate Change Action Plan; or a National Communication to the IPCC. The term "policy measures" does not include technical documentation, such as technical reports or land use maps, nor site-specific activities reported under Indicators 1 and 2 (e.g., legal demarcation of individual site or granting of community access to single location).
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Please fill in the YELLOW cells to complete the table.

Table 11					
Result 3: Reduced Net Greenhouse Gas Emissions from the Energy Sector, Industry and Urban Areas					
Indicator 4: Strategies/Audits that Contribute to the Avoidance of Greenhouse Gas Emissions					
Activity		Number of audits or strategies completed	Number or audit recommendations or strategies implemented	SO Number for Activity	CN/TN Number for Activity
Ex	Steam & Combustion Efficiency Pilot Project	41	35	2.1	CN-577-92
1	Business Plans for commercial development of coalbed methane projects to reduce methane emissions into the atmosphere	2	0		
2	Lviv Municipal Energy Efficiency Project (energy audits in municipal buildings)	10	0	1.5	
3	Four mines identified for their commercial potential to to development coalbed methane capture projects	4		1.5	
4	Thirty detailed energy efficiency audits of Kiev city administration buildings by Arena Eco for World Bank loan project	30		1.5	
5	USAID/DOE Natural Gas Project evaluated 96 gas supply units at compressor stations of main gas pieplines	96		1.5	
6					
7					
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12					
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14					
15					
Total:		142	0		

Please fill in the YELLOW cells to complete the table.

TABLE 12							
Result 3: Reduced Net Greenhouse Gas Emissions from the Energy Sector, Industry and Urban Areas							
Indicator 5: Value of Public and Private Investment Leveraged by USAID for Activities that Reduce Greenhouse Gas Emissions							
PLEASE SEE BELOW for DEFINITIONS necessary to complete this table.		Source of Leveraged Funds	Describe methodology for determining amount of funding	Direct Leveraged Funds	Indirect Leveraged Funds	SO Number for Activity	CN/TN Number for Activity
Activity Description							
Ex	National Renewable Energy Program	Dept. of Energy, World Bank-GEF	DOE direct buy-in to USAID. In FY99, GEF funded replication of NREP activity begun in FY98, called the Renewables for Economic Devt Proj.	\$120,000	\$2,500,000	2	CN-577-92
1	Business Plans for CBM Projects	US-EPA	US-EPA provides funds for the project not covered by USAID	\$50,000			
2	Lviv School Energy Efficiency Demo Project	The City of Lviv	The City of Lviv funded windows weatherization in the school (joint implementation energy efficiency investment)	\$9,977		1,5	
3	Kiev Institutional Buildings (Efficiency)	World Bank	Loan to Kiev City Administration as a result of audits and technical assistance performed with USAID funding	\$18,000,000		1,6	
4	District Heating,Lighting & Hospital GHG Reduction Project Preparation	UN-ECE	1 q 2000 UN-ECE will match 100% of USAID/Ukraine funding for GHG reduction projects in four Ukrainian cities.	\$100,000		1,5	
5	Gostomel Glass Plant	WEST NIS	1 q 2000 Western NIS Enterprise fund loans \$3M to implement the efficiency improvements recommended by USAID/DOE funded audits	\$3,000,000		1,6 & 1,5	
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
Total:				\$21,159,977	\$0		

Definitions: Funding Leveraged	
Direct Leveraged Funding	Funding leveraged directly in support of USAID activities and programs, including: <ul style="list-style-type: none"> - funding leveraged from partners for joint USAID activities; - funding for activities in which USAID developed enabling policies, regulations, or provided pre-investment support (prorated); - obligated or committed funding for direct follow-on MDB loan programs (prorated); - obligated or committed funding for direct follow-on private-sector funded programs that reach financial closure (prorated); - joint implementation investments; - Development Credit Authority investments.
Indirect Leveraged Funding	Funding dedicated by other donors or governments to replicate programs that USAID initiated, but which USAID does not or will not itself fund.

Please fill in the **YELLOW** cells to complete the table.

TABLE 13				
Result 3: Reduced Net Greenhouse Gas Emissions from the Energy Sector, Industry and Urban Areas				
Indicator 6a: Increased Capacity to Address Global Climate Change Issues				
Number of institutions strengthened to address GCC issues		Names of Associations, NGO's or other Institutions Strengthened	SO Number for Activity	CN/TN Number for Activity
Example: Number of NGOs	5	Center for Cleaner Production, Association of Industrial Engineers, National Solar Energy Foundation, Clean Air Alliance, Institute for Industrial Efficiency	2.4	CN-577-92
Number of NGOs	19	Ukrainian Network of Energy Saving Cities, Lviv Municipal and Regional Development Center, Bukvytsya, Green World - Dnipropetrovsk, EcoPravo-Kharkiv, EcoPravo-Lviv, Ukrainian Society for Sustainable Development, Ecoclub-Rivne, Holos Pryrody, Climate-Guard, National Ecological Center of Ukraine, Ecologia i Mir, Green Movement of Donbas, Ecolis, Green Dossier, Ukrainian Youth Environmental League, MAMA-86, World Lab-Ukraine, EcoPravo-Kyiv	1.5 & 1.6	
Number of Private Institutions	21	ESCO-CENTER, JSC ECO-Sys, ESCO-Dnipro, JSC ESCO-WEST, ESCO-Donbas, ESCO-Kharkiv, OPTIMENERGO, ENERGOCOM, ENERGOPRO, REGUL, ComPAS, Univers, Energocomplex, Energoservice, EnergoConsult, MBS, ARENA-ECO, K-D Mining Enterprise, Skochinsky Mining Enterprise, Makeevka Institute, Ugoldegas		
Number of Research/Educational Institutions	6	Institute of Chemical Technology, Kyiv International University of Civil Aviation, Insitutue of Ecological Engineering, National Academy of Sciences Institute of Gas, ULRMC, Insitutue of Economic Forecasting		
Number of Pubic Institutions	9	Ministry of Ecology and Natural Resouces (Monitoring Department); Interministerial Commission on Climate Change, Minstry of Fuel and Energy (Ecological Department), Donetsk, Kiev and Lviv City administrations, Verhovna Rada Ecological Committee, State Committee on Energy Savings	1.5	
Total Number of Institutions Strengthened:	55			

Please fill in the YELLOW cells to complete the table.

Table 14					
Result 3: Reduced Net Greenhouse Gas Emissions from the Energy Sector, Industry and Urban Areas					
Indicator 6b: Technical Capacity Strengthened through Workshops, Research, and/or Training Activities					
Category		Types of Support Provided (mark with a "1" for each category)		List the Activities that Contribute to Each Capacity Building Category	SO Number for Activity
		Training	Technical Assistance		
Example: Use of renewable energy technologies		1	1	Developed sustainable markets for renewable energy technologies. Over 200 renewable energy systems installed. Training for utilities, government officials, NGOs. Study on renewable energy applications completed.	2.4
Improved demand-side management or integrated resource planning		6	1	Three workshops in Lviv on design and installation of heat control systems in municipal buildings. One heat control system installed in Lviv school. 1 qr. 2000 - Three workshops on ESCO development in Kyiv	1.5
Competitive energy markets that promote market-based energy prices, decrease fossil fuel subsidies, or allow open access to independent providers			3	Technical assistance in three main areas: Hagler Bailly National Energy Regulatory Commission tariff and energo market operation, valuation and privatization of energo companies, USEA energy partnerships to strengthen market-oriented operations	
Installation of energy efficient or other greenhouse gas reducing technologies, including improved efficiencies in industrial processes		3	2	Two workshops on low-cost municipal building' weatherization technologies in Lviv (Ukraine) and Krapkowice (Poland). Two buildings weatherized in Lviv. 1 qr. 2000, DOE-funded - One steam efficiency workshop in Kyiv introducing DOE Steam Challenge program and establishing Clearing House on Steam Efficiency	1.5
Use of renewable energy technologies			1	A consultative support was provided for US and Ukrainian companies developing their concept paper on energy efficient wastewater treatment project submitted to and approved by the EcoLinks Kyiv office	1.6
Use of cleaner fossil fuels (cleaner coal or natural gas)					
Introduction of cleaner modes of transportation and efficient transportation systems					
Use of cogeneration					
Other (describe)		2		A roundtable and a working meeting (1 qr. 2000) on climate change issues were held in Kyiv to facilitate establishment of an NGO climate change network	1.6
Other					
Other					
Other					
Other					
Total number of points for Training/Technical Assistance:		11	7		

E&E R4 Detailed Budget Information

Information Annex Topic: E&E R4 Detailed Budget Information

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(in a separate folder named Country02R2b_Data; print separately; file name is Country02AnnexBUD.xls)

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Ukraine

Budget Breakdown by Strategic Objective - FY 2000-2002

STRATEGIC OBJECTIVE	FY 2000 Plan		FY 2001		FY 2002	
	FY 99 C/O Budget	FY 00 Budget	Request	Performance Funds	Request	Performance Funds

STRATEGIC ASSISTANCE AREA 1: ECONOMIC RESTRUCTURING

Foster the emergence of a competitive market oriented economy in which the majority of economic resources is privately owned and managed.

1.2 Increased Soundness of Fiscal Policies/Fiscal Management Practices						
Fiscal Reform	Barents		1,000,000			
Macroeconomic Analysis	HIID	295,304	704,696			
(N) Fiscal II			2,000,000	4,000,000	2,000,000	2,000,000
Macroeconomic Analysis	CASE Foundation	2,500				
9.4 Program Design & Mgt (SO 1.2)		246,323	500,000	750,000	650,000	
TOTAL, SO 1.2		544,127	4,204,696	4,750,000	2,650,000	

1.3 Accelerated Development and Growth of Private Enterprises						
1.3A A More Responsive Agriculture Sector						
Small Farmer Training - LSU	LSU		700,000	800,000	1,000,000	
Agricult. Land Share Program	Ronco	400,000	670,000			
(N) New Ag Initiative/ Land Tit Agr. Inputs Policy				5,300,000	7,000,000	
Agricultural Policy Analysis-ISU	ISU	400,000	400,000			
Agricult. Land Share Program	Ronco		930,000			
6.5 Project Design and Management		254,512	173,000	380,000	430,000	
SubTOTAL, SO 1.3A		1,054,512	2,873,000	6,480,000	8,430,000	

1.3B More Competitive and Efficient Privatized Enterprises						
Priv.of Unfinished Building Sites	IFC		350,000			
Enterprise Land Privatization	Chemionics		1,860,000			
(N) Land Markets - Urban Land	TBD		350,000	1,700,000	2,500,000	
Enterprise Restructuring- Barents	Barents		1,900,000			
Privatized Enterprise Study			50,000			
(N) Corp.Gov/ Ent. Restruct./ Finance				2,000,000	4,000,000	
(N) Assets Divestiture				-		
Management Accounting-Kiev -TBD	TBD		2,200,000			
Accounting, Auditing				1,380,435	1,000,000	
5.9 Program Design and Management		384,933	1,005,000	1,100,000	1,150,000	
11.1 W/NIS Enterprise Fund		790,000	11,210,000	10,000,000	9,500,000	

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Budget Breakdown by Strategic Objective - FY 2000-2002

STRATEGIC OBJECTIVE	FY 2000 Plan		FY 2001		FY 2002	
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SubTOTAL, SO 1.3B	1,174,933	18,925,000	16,180,435		18,150,000	

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Budget Breakdown by Strategic Objective - FY 2000-2002

STRATEGIC OBJECTIVE	FY 2000 Plan		FY 2001		FY 2002	
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1.3C Expanded Role of Small and Medium Enterprises (SME's)						
(N) BIZPRO		97,714	3,350,000	5,000,000		6,000,000
Volunteer Activities-Alliance	Alliance	13,400	2,186,600	2,500,000		2,000,000
Junior Achievement						
Women's Economic Empowerment	Winrock		550,000	800,000		195,000
(N) Credit Union Support	TBD	-		400,000		500,000
Credit Union Assessment		18,945				
Business Education	University of Minnesota		1,820,000	1,700,000		900,000
Podillya Pershyi		66,600				
EBRD Microcredit Program		400,455	599,545			
Public Education for Free Market	Gavin Andersen		2,500,000	1,500,000	300,000	2,000,000
SubTOTAL, SO 1.3C		597,114	11,006,145	11,900,000		11,595,000

TOTAL SO 1.3		2,826,559	32,804,145	34,560,435		38,175,000
Project 0005, Private Sector		982,047	18,721,145	18,080,435		20,245,000
Project 0006, Food Systems		1,054,512	2,873,000	6,480,000		8,430,000
Project 0011, Enterprise Fund		790,000	11,210,000	10,000,000		9,500,000

1.4 A More Competitive and Market-responsive Private Financial Sector						
Corporate Gov. & Enforcement	FMI	255,864	1,298,492			
Support for Mkt Infrastr.-PWC			295,883			
(N) Funds (pension, investment, insurance)						
Fin. Market Admin. Reform						
Bank Supervision			845,870	600,000		
Bank Accounting Implementation	IBTCI		500,624			
Bank Restructuring	Booz-Alen		500,000	650,000		
Commercial Bank Upgrading	KPMG/ Barents		550,000			
(N) MBA Training (TBD)	TBD		500,000	500,000		
Regulatory Reform	ARD/Checchi	-	1,100,000		800,000	502,432
(N) Commercial Law Info Center	TBD	688,106	695,304	2,000,000		2,500,000
(N) Alternative Dispute Resolution		-				
Financial Restructuring/ Bankruptcy	DTT	-	750,000	800,000		
Collateral/ Pledge Registry	IRIS	244,344				
9.4 Program Design and Mngt (SO 1.4)		52,958				
TOTAL SO 1.4		1,241,272	7,036,173	4,550,000		3,002,432

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Budget Breakdown by Strategic Objective - FY 2000-2002

STRATEGIC OBJECTIVE		FY 2000 Plan		FY 2001		FY 2002	
		FY 99 C/O Budget	FY 00 Budget	Request	Performance Funds	Request	Performance Funds
1.5 Economically Sound/Environmentally Sustainable Energy System							
(N) Municipal EE and Privatization	TBD						
(N) Tariff Reform (see SO 2.3)		-	500,000	800,000			
Power Sector Restructuring- HB	HB	-					
Power Sector Privatization	DTT		717,000	600,000	590,000	500,000	500,000
Coal Bed Methane	PIER	278,795	-				
Training	IIE						
Utility Partnerships	USEA	300,000		500,000		600,000	
Regional Regulatory	NARUC					75,000	
(E&N) Energy Market Development		1,000,000	1,417,000	600,000	850,000	1,000,000	1,000,000
PSA Implementation		100,000					
(N) Fuel Security and Strategy	TBD				1,500,000		1,500,000
(N) Industrial Energy Efficiency	TBD						1,000,000
Regional Municipal EE Network							
MBA Training (TBD) (see SO 1.4)		500,000		500,000			
2.6 Program Design and Management		245,731	60,741	350,000		450,000	
Y2K Fixes- SO 1.5, Pr.2		-					
TOTAL SO 1.5		2,924,197	2,694,741	3,350,000		2,625,000	
1.6 A More Economically Sustainable Environment							
(N) Sustainable Development Initiative					200,000	800,000	
(N) Climate Grant	UNECE		200,000				
Climate Change Initiative	Hagler Bailey	400,000	1,093,257	1,000,000		1,000,000	
(N) Local Environment Action Program		200,000	200,000	500,000		750,000	
3.6 Program Design and Management		56,114	440,189	460,000		600,000	
TOTAL SO 1.6		656,114	1,933,446	1,960,000		3,150,000	
STRATEGIC AREA 1 TOTAL		8,192,269	48,673,201	49,170,435		49,602,432	

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Budget Breakdown by Strategic Objective - FY 2000-2002

STRATEGIC OBJECTIVE	FY 2000 Plan		FY 2001		FY 2002	
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STRATEGIC ASSISTANCE AREA 2: DEMOCRATIC TRANSITION

Support the transition to transparent and accountable governance and the empowerment of citizens through democratic political processes.

2.1 Increased Citizens' Participation in Political/ Economic Decision-making						
Elections	IFES	30,000	270,000			
Political Parties & Civic Groups	NDI		353,120			
Political Parties & Civic Groups	IRI		700,000			
(N) Political Process	TBD		1,250,000	2,000,000		2,150,000
(N) Electoral Process	TBD		850,000	450,000		700,000
NGO Development	Counterpart		100,000			
Partnership for Reform	Freedom House		510,120	1,100,000		600,000
Independent Media Development	Internews		1,025,352			
ProMedia Program	IREX		300,000	800,000		317,968
(N) Freedom of Speech (Media Support)				800,000		1,500,000
7.6 Program Design and Management		51,000	410,001	150,000		282,000
TOTAL SO 2.1		81,000	5,768,593	5,300,000		5,549,968

2.2. Legal Systems that Support Democratic Processes and Market Reforms						
Legal System Reform	TBD			800,000		1,200,000
Parliamentary Development PDP/Parl	Indiana University	-	350,000	800,000		1,000,000
ROL Development Program	ABA-CEELI	372,532	550,440			
Parliamentary Staff Development	FMC	200,000				
(N) Anti-Corruption	TBD		800,000	800,000		1,000,000
7.6 Program Design and Management		292,000	419,999	700,000		900,000
TOTAL SO 2.2		864,532	2,120,439	2,300,000		2,900,000

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Budget Breakdown by Strategic Objective - FY 2000-2002

STRATEGIC OBJECTIVE	FY 2000 Plan		FY 2001		FY 2002	
	FY 99 C/O Budget	FY 00 Budget	Request	Performance Funds	Request	Performance Funds

2.3 More Effective, Responsible and Accountable Local Government							
Urban Water Rollout				849,393			
Community Partnership Program	US - Ukr.Foundation	2,008,347		2,000,000		2,000,000	
Tariff Reform/ Communal Services	(funded from OER)	500,000		1,200,000		1,500,000	
AUC Regional Branches Dissemination Program	RTI	500,000	699,805	200,000		500,000	
(N) NGO Support/ Development				-		-	
7.6 Project Design and Management - SO 2.3		59,953	591,848	460,000		430,000	
TOTAL SO 2.3		559,953	3,800,000	4,709,393		4,430,000	
STRATEGIC AREA 2 TOTAL		1,505,485	11,689,032	12,309,393		12,879,968	

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Budget Breakdown by Strategic Objective - FY 2000-2002

STRATEGIC OBJECTIVE	FY 2000 Plan		FY 2001		FY 2002	
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STRATEGIC ASSISTANCE AREA 4: CROSS-CUTTING PROGRAMS/SPECIAL INITIATIVES

4.2 Crosscutting Programs							
Sub-total, Project 0001, Special Initiatives		Program Dev't & Sup	4,607,853	7,089,989	7,712,607		8,182,600
1.20	Tech Support/ Prog Dev. Support		546,034	168,752	300,000		482,600
1.21	Policy Support for Reform	UNDP	106,740	500,000		500,000	
1.23	Ukraine- Poland Collaboration		1,626,559	2,200,000	2,000,000		2,000,000
1.24	Combatting Trafficking in Women		748,402	1,000,000	982,000		900,000
1.25	Kharkiv Initiative		840,728	1,073,125	1,000,000	1,000,000	2,000,000
1.26	Lviv Initiative		39,390	3,470	30,000		
1.27	OE Budget Support		700,000	877,518	1,600,000		1,800,000
1.28	Unallocated Funds		-	1,267,124	1,800,607		1,000,000
10.0	Eurasia Foundation		-	-		5,000,000	5,000,000
12.1	Participant Training	AED	50,000	2,000,000	1,000,000		1,000,000
TOTAL SO 4.2			4,657,853	9,089,989	8,712,607		14,182,600

USAID Projects Subtotal			15,716,908	78,980,000	80,750,000		86,850,000
Transfers Subtotal			14,006,848	90,357,000			-
Performance Fund			-			11,540,000	8,700,000
Parking Fine Withholding							

Country Total			29,723,756	169,337,000	80,750,000		86,850,000
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